THE COOPERATIVE MOVEMENT AND EMBEDDED NEOLIBERALSM IN UGANDA

A THINK PIECE WRITTEN FOR THE NATIONAL DEBATE ON THE REVITALISATION OF THE COOPERATIVE MOVEMENT IN UGANDA

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Introduction

Although the collaborating organizations behind the project of reviving cooperatives asked me to write a short thought-paper, I thought it was worthwhile to bring myself up to speed, at least in a modest way, with the subject matter of the Cooperative Movement in Uganda. This was the more necessary considering that I am neither a 'cooperator' by ideological inclination, strictly speaking (although I am sympathetic to the general cause) nor do I specialize in research on cooperatives. Thus, reading-up on this subject, even if less extensively, was inevitable. I picked up whatever literature I could find available at the world's top-ranked Africana Library at Northwestern University. Needless to say, one of the painful ironies of a poor country like Uganda is that knowledge produced about it is easily available in the Western academe than back at home where it was originally researched! But that is a story for another day. As I went over several historically focused materials about the evolution of the Cooperative Movement in Uganda, two immediate lessons became quite apparent.

First, the Cooperative Movement whose advent is traceable to the introduction of cotton growing at the start of the 20th century had a rather narrowly defined goal – marketing farmers produce, initially cotton, later coffee and other cash crops. Starting with Kinakulya Growers Cooperative Society in 1913, the motivation was to sell produce cooperatively and maximize returns for the peasant growers in the face of exploitation by local traders and middlemen who were mostly non-indigenous Ugandans (see Kyamulesire 1988, Kabakyenga 2002, and Okello 2003). Writing in his autobiography, curiously titled The Father of the Cooperative Movement in Ankole, Kesi Kabakyenga for example underscores the initial inspiration for forming cooperatives in Ankole district. 'When we took on coffee as our main cash crop,' he writes, 'we had a problem of marketing it and people in my village faced the same problem.' He continues, 'farmers used to sell their produce to the local buyers, the Asians who used to cheat and exploit them with manipulated measuring scales…' (Kabakyenga 2002: 24).

To pursue further this goal of overcoming exploitation by local buyers, primary cooperative societies and district cooperative unions in due course of time led to the emergence of marketing boards at the behest of the state-led development model of the 1960s. The Coffee Marketing Board, for example, which critiques like the political scientist Robert Bates referred to as the monopolistic agency of the government, became the hallmark of the selling thrust of the Cooperative Movement (Bates 1997). But this quickly made cooperatives a handy tool for exploiting peasant growers. It appears that exploitation just shifted from local buyers to government controlled marketing boards.

Driven by political survival considerations, many African governments underpaid peasant farmers in order to subsidize urban consumption as a solution to an otherwise restive urban population that threatened the extant political establishment (Bates 1981, van de Walle 2001). In the era of structural adjustment and neoliberal orthodoxy reform-policies, the Cooperative Movement anchored in marketing produce was naturally doomed. Not unsurprisingly it stumbled. Being primarily concerned with marketing and not producing was always going to be a recipe for rent-seeking as individual actors struggle to cut off some pie without contributing to increasing the pie's size. It seems that over many decades of the Movement, cooperators remained rather oblivious to this side of the mode of cooperating they were engaged in. Also, it appears that even scholarly debates have tended to approach cooperatives from that singular lens of marketing produce. The notable exception from the literature I have had chance to review is Ebong-Opyene's (1996) Marxian analysis in which he studied non-state regulated cooperatives in Lango district understood as pre-capitalist forms of peasant cooperative-production based on pooling labor but nevertheless remaining under the exploitative sway of capital.

The second lesson I gleaned, mostly from the literature of the last two decades, is that talk of reviving the Cooperative Movement has actually been around for quite some time, dating back at least to early 2000s when Dr. Ezra Suruma became Finance Minister. Yet this long-running advocacy is laced with undue nostalgia. Advocates have tended to present a revived Cooperative Movement as some kind of panacea for Uganda's intractable development dilemmas and as the savior for the county's rural poor. This renewed advocacy, to my understanding, has had two-related shortcomings.

On the one hand it has not clearly articulated the distinctive and overarching role a revived Cooperative Movement can play in this era of neoliberal market economics. Proponents' arguments come across as little more than vague and ad-hoc statements based largely on what cooperatives did in the past and not so much what they failed to achieve or, even more crucially, what they can do for the present and future bearing in mind the extant dynamics. On the other hand, debates over cooperatives remain confined to the traditional cash-crop economy mind-frame without being situated in the broader agenda for socioeconomic transformation across different sectors of the economy. This paper then is an attempt to zero-in on the specific role that cooperatives can play beyond the traditional, narrow focus on marketing cash crops on behalf of small-scale peasant growers. The goal of this paper is very modest and the argument quite simple. I argue that the cooperative movement should be recast as a pivotal institution through which the state intervenes on the supply-side of the economy. Intervention on the supply-side, unlike price-fixing and marketing that characterized traditional cooperatives, is geared toward promoting production instead of subsidizing consumption, and increasing output rather facilitating rent-seeking. The institutional arrangement of the Cooperative Movement is especially timely considering that other arrangements directed at transforming the agriculture sector, to wit NAADs, have delivered more corruption and dysfunction than improved production. The reminder of this paper proceeds as follows. The next section is a brief overview of Uganda's economic performance over the last two decades under the aegis of the Washington Consensus orthodox reform-policies. I then turn to the main focus of the paper in the third section by working out an analytical model that justifies the need to revive the cooperative movement in this era of neoliberal market economics. The fourth and final section offers some concluding reflections underscoring the need to look forward with a new focus and strategy rather than looking back at the original motivation of the Cooperative Movement.

Uganda's Recent Economic Performance in Perspective.

Over the last couple decades Uganda has been hailed as a good reformer and success story of the Washington Consensus economic reform-policies. With the exception of runaway inflation and general economic turmoil in 2011-2012, blamed on the unprecedented large sums of money spent by President Museveni on his reelection campaign, the country's overall macroeconomic performance had been solid since a full reform package was embraced in 1992. Earlier the banking crisis of the late 1990s, which saw several banks suffer serious liquidity problems, was swiftly addressed by the Central Bank. Several commercial banks closed shop (including the Cooperative Bank!) while the country's leading bank, Uganda Commercial Bank, was sold to Stanbic Bank of South Africa under rather controversial circumstances. The controversy turned on whether the sale of UCB was a case of privatization or it was a resolution following the Central Bank's intervention that rescued it from insolvency and returned the bank to solvency. The Sixth Parliament argued that it was the former and that due process must be followed in privatizing UCB; the Central Bank on its part insisted that it had the statutory mandate to resolve its intervention into UCB, sell it to the best private bidder, and get out of the matter.

Returning it to its old management and full government control, the Central Bank argued, would amount to creating a moral hazard problem as UCB would likely run insolvent again due to mismanagement and political interference. In the end, with backing from President Museveni and prodding from the IMF and the World Bank, the Central Bank had its way and UCB was sold to Stanbic as the best bidder (Tumusiime Mutebile 2010: 50). Suffice to say, the Central Bank's intervention restored stability in the banking sector while simultaneously strengthening the regulatory framework aimed at averting a similar crisis in the future. But the Central Bank's institutional autonomy came under scrutiny when the Governor revealed in early 2011 that President Museveni had drained the country's foreign exchange reserves. Critics pointed out that the President had literally raided the Bank to fund a hugely expensive presidential reelection campaign that saw him buy his way to clinging onto power. This action was blamed for the ensuing economic turmoil for most of 2011 and part of 2012 as food and gas prices shot through the roof. Worse still, the Uganda shilling suffered its worst battering against the US dollar in a long time. In addition to the fiscal and monetary performance Uganda has also maintained decent economic growth rates averaging about 6-7% over the last two decades. World Bank figures show that the Uganda's GDP has grown four-fold from 3.9 billion dollars in 1986 to 16.8 billion dollars in 2011/2. Earlier this year, while responding to his political nemesis, Kizza Besigye, President Museveni in a long newspaper article carried by both the Daily Monitor and the government owned New Vision newspaper, stated that the economy had grown 14 times since 1986 (see Daily Monitor February 6 2013).

It turns out that this is a gross exaggeration as the economy has increased four not fourteen times. What is more, Uganda's GDP growth is not in any significant way different from regional trends; Kenya's and Tanzania GDPs increased by almost the same number of times as Uganda's. In other words, there is hardly a Ugandan economic miracle or a unique reform success story deserving special emphasis and praise. That said, Uganda's modest GDP growth has been largely attributed to a sound macroeconomic environment and the adoption of the three Washington Consensus orthodox reform-policies of economic deregulation, trade liberalization, and privatization of state enterprises. But critics argue that these reforms were undertaken hastily and haphazardly leaving the state without any significant involvement in influencing the strategic direction and the overall economic policy trajectory for the country. Thus while, for example, the services sector's overall contribution to the country's GNP has grown, the agriculture sector on which the vast majority of Ugandans depend has plummeted. What is more, manufacturing remains dismal in a country where electricity generation and supply is very poor.

Embedding a Market Economy:

What has all this got to do with the Cooperative Movement? Well, cooperatives have historically been associations of producers, mainly peasant farmers/ growers. GDP growth, the central issue in Uganda's economic performance over the last few decades, is primarily an issue of production and wealth-creation. Looking ahead there is skepticism as to whether the current growth is sustainable and transformational over the long term. Without large-scale commercial farming, increased manufacturing and value-added production, can the still very small and underdeveloped Ugandan economy much the surging population over the long haul? Although the government has yet to carry out a new round of national population census, a clear sign of how incompetent the Museveni regime has become, estimates put the current population at about 35 million people with 3.3 percent population growth rate, one of the highest in the world.

Overview of Different Approaches to Late Development

The age-old debate pitting free-market advocates against state interventionists appears to have run its course; it has become somewhat obsolete. For even the most committed neoconservative free-market economists concede that non-market institutional interventions are necessary not just to ensure that markets do not fail, as they often do, but most important that better market performance is made possible. Since Karl Polanyi (1944), many analysts have come to appreciate that there is nothing like a self-regulating free market. The invisible hand of the market requires the visible hand of the state. Therefore, it is no longer persuasive to argue that all non-market institutions are distortionary as neoclassical economic orthodoxy tended to argue. The real contention though turns on what state intervention is required to achieve what goal, which specifically-targeted interventions should be undertaken, and within what overall policy framework should specific non-market institutions be brought to bear on the workings of the market.

Beyond facilitating market performance, 'developing' countries like Uganda face a more fundamental problem of attaining large-scale and sustained commercial and industrial production, necessary for moving the country from poor to middle income status in the mid to long term. Late developers around the world have had to devise different catch-up mechanisms of one sort or the other but all revolving around the role of the state, pursued through a selected set of institutions. Atul Kolhi (2004) calls this 'state directed development.' The rationale for engaging in catch-up growth was first highlighted by Alexander Gerschenkron (1962) in his Economic Backwardness in Historical Perspective. In this seminal study, Gerschenkron argued that late developers in Europe had to engage in a wide-range of fiscal manipulation so as to spur transformation and get to the levels already achieved by early industrializers especially England.

The industrialization of England, Gerschenkron noted, had proceeded without any deliberate and substantial utilization of the banking sector for purposes of long-term investment and production. By contrast, in relatively backward European countries capital was scarce and diffused. Thus, industrialization in the rest of Europe took a different path especially because relative backwardness and pressures for catching up with England necessitated specialized economic institutions such as banks to serve as sources of modern finance-capitalism and relatively autonomous state bureaucracies. For example, in a country like Russia, supply of capital for the needs of industrialization required the compulsory machinery of the government, which, through its taxation policies, succeeded in directing incomes from consumption to investment.

Gerschenkron concludes that the lesson of nineteenth century late development in Europe is that the policies toward the backward countries are unlikely to be successful if they ignore the basic peculiarities of what he calls 'economic backwardness.' It appears that this message was taken very seriously by the late industrializers of Asia whose late industrialization, starting in the 1960s, was firmly anchored on a deliberately crafted set of state-interventionist institutional apparatuses. This post-World War state-centric development model, or what has generally been construed as the 'developmental state' model, held sway among the so called Asian Tigers, and in some Latin American cases (see Amsden 1989, Wade 1990, Evans 1995, Woo-Cummings 1999, Kohli 2004, Kurtz and Brooks 2008).

On the African continent some commentators prematurely suggested the emergence of developmental states akin to the Southeast Asian model (even Uganda was taunted as a 'developmental state!'). However, recent scholarship has cast doubt on even the top-most candidate for meriting the status of a development state – Botswana. Rejecting the categorization of Botswana as a developmental state, Hillbom (2011) argues that it is best understood as a gate-keeping state that relies heavily on natural resource wealth and uses economic rents to provide public goods and services.

Away from the obsession with the developmental state model, alternative models have been suggested with respect to some African states, the most recent conceptual innovation being that of 'patrimonial developmentalism.' This has been used with reference to Rwanda, where control of economic rents is highly centralized making it possible to invest such rents in productive sectors and contribute to overall national investment (Booth and Mutebi 2012). On the whole, Africa's post-independence growth and development remains dismal. And the blame has been placed largely at the doorsteps of a neo-patrimonial state system (van de Walle 2001), where public officeholders tend to treat public resources as their personal patrimony, appropriate scarce economic resources and divert them everywhere but toward productive investment.

Embedding the Market in Uganda: The Rationale of Reviving Cooperatives

While over the last two decades some African countries have experimented with different developmental models within the framework of a neoliberal economic environment, Uganda's case is rather ambivalent. As noted above, whereas the country has performed fairly well at the level of macroeconomic framework and has sustained modest economic growth, it seems that this has happened in the absence of a deliberate pursuit of nationalist development beyond the workings of the market. We had Vision 2020, which before long was discarded. Now we have a new blueprint – Vision 2040 – that is supposed to lead Uganda to the status of a middle income country within the next few years and to the promised land of fully a developed country by 2040.

But unlike the patrimonial developmentalism of Rwanda, for example, Uganda's acclaimed macroeconomic performance has neatly coexisted with old-type patronage politics, elite corruption, cronyism, and rent-seeking behavior long associated with Africa's political economy (van de Walle 2001). The Museveni regime has shrewdly remained committed to neoliberal policies to the appeasement of the Western donor community which in turn has assured the regime rents in the form of foreign aid inflows as well as huge tax returns from local companies and multinational corporations especially those in the mobile telephone industry. However, this 'hybrid' arrangement of sticking to the neoliberal creed while simultaneously maintaining a growth-inhibiting patronage and rent-seeking system cannot yield an all-round fundamental socioeconomic transformation.

How can Uganda achieve a workable 'nationalist-development' arrangement within its neoliberal policy framework? And how do we situate the role of the Cooperative Movement? The thrust of this paper then is an attempt to position cooperatives as the potential critical linchpin in the state's intervention on the supply-side of the economy, especially in promoting commercial agriculture and fostering industrial production. The approach advanced here of 'embedded neoliberalism' has worked fairly well in few Latin American states, notably Chile and Brazil (Kurtz and Brooks 2008, see also Ruggie 1982).

How can 'embedded neoliberalism' be pursued with the active involvement of the Cooperative Movement? We are in an era where we have been told that there is no alternative (TINA) to the neoliberal policy prescription. Trade liberalization, state deregulation of the market, and private enterprise are inviolable if a poor country wants to remain part of the global economy and belong to the coveted international community of nation-states. Thus Uganda can remain committed to this neoliberal creed but at the same time pursue a nationalist developmental agenda, like all late developers have done, with the primary aim of spurring production through targeted incentives and intervention-actions on the supply-side.

The old type of intervention that aided consumption and rent-seeking is hazardous. But interventions geared towards production can only be steps in the right direction and are unlikely to draw the opposition of neoliberal adherents. The need for targeted intervention especially in commercial agro-processing and manufacturing cannot be over-emphasized. The fact that manufacturing contributes a minuscule 8 percent to Uganda's overall GDP bespeaks of how little progress has been made in achieving greater industrialization of the economy. While President Museveni has been forthright and incredibly articulate in accenting the urgency of achieving value addition and industrial production, the gulf between presidential rhetoric and policy implementation remains unmistakable.

A revived Cooperative Movement, taking due consideration of the changed times and moving away from the original motivation of the Movement, can play both coordination and collectivization roles in pushing the Ugandan economy onto the path to large-scale manufacturing and value added output. In so doing neoliberal policies will be embedded in a state-society-market linkage facilitated by, among other arrangements, the institutional framework of the Cooperative Movement whose members' vested interests can dovetail or at least be aligned with the country's overall national development agenda. In this regard, individual producers working through cooperatives can realize their business interests while the country too achieves its overall national development goals.

The net outcome of what this paper is proposing is that the invisible hand of the market would have joined hands with the visible arm of the state in pushing the country to socioeconomic transformation. This kind of arrangement is by no means new or unique to Uganda; all late developers have worked through this kind of arrangement albeit taking varying approaches. But the principle is pretty the same. There is no need to reinvent the will. Although actual implementation has varied from context to context, the overall principle and thinking remains that the state has to connect with private producers, private capital-holders, and business groups generally to realize all-round economic growth and development.

However, this kind of arrangement perforce requires that the 'cooperators' appreciate the need to rethink or at the very minimum tweak their motivations and goals away from the founding views that informed and motivated the emergence of the Cooperative Movement in early 20th century. The current players have to view the cooperative movement in light of not just the overall national development goals but also take cognizant of the changed local conditions as well as the ever shifting global economic environment. A little elaboration on this is in order.

While historically the Cooperative Movement's overarching role entailed linking rural peasant producers with local and international markets and sidestepping the exploitation of local buyers/dealers/middlemen, today's role should be one of linking targeted state intervention with producers. This new engagement has to go beyond the traditional cash-crop sector to include different strands of the manufacturing and value-addition sectors. Positioning the Cooperative Movement at the center of this state-society linkage would constitute one way of finding the requisite institutional framework that can contribute towards increased production and in turn to long-term sustainable national socioeconomic transformation. In this regard, for the Cooperative Movement to achieve a desirable impact it has to seek collaboration with other players especially the Uganda Manufacturer's Association whose interests and goals easily mutually interlock with those of cooperators in the agriculture and farming sector.

If there is anything we can learn from the Asian economies, especially from China, it is that sustained mass production can spur economic transformation. It is a little disappointing that many Ugandan policy analysts have hardened to the fad of the role of the services sector. Developed economies have the luxury of turning attention to the services sectors because they have somewhat reached the highest levels of industrial production of goods, which we haven't. Developed economies can afford to import cheap goods as they export expensive services and their technology. Uganda is not anywhere near this. There are no shortcuts: it is a bit of a misnomer to talk of services without goods!

Over the last few decades African leaders, with President Museveni at the forefront, have trumpeted the need for Africa to gain access to European and American markets. The mantra has been, 'we want trade not aid.' Yet they have done precious little to overcome bottlenecks to increased production even for the local markets. They are content to cash-in on aid that comes quite easily (never mind the donor blackmail) than invest in trade that requires meticulous national planning, making tough economic choices, and getting policy priorities right. Uganda continues to suffer scarcities of locally produced goods due to failure to grow production capacity.

For example, in 2011 at the height of increased food prices and runaway inflation, the country was also hit by a big sugar crisis. Sugar prices increased four-fold and there was rationing of this one commodity that is consumed daily by many Ugandans. With increased demand from South Sudan and eastern Congo, the few Ugandan sugar factories could not meet local demand. The situation was compounded by a confluence of factors that included a long draught and a temporary shutdown for refurbishment at one of the major sugar factories. The government had to lift import-duty to allow importation of sugar from Brazil and other foreign producers.

Relatedly, in the early 2000s Uganda was granted access to the European Union market under the 'Everything But Arms (EBA)' multilateral trade framework between the EU and Africa, Caribbean, and Pacific countries. Uganda was given a sugar exportation quota to the EU. Many years down the road the country could not produce enough to meet the allotted EU quota! Then we had the highly publicized AGOA debacle which was even more embarrassing for a country whose leaders are always lamenting about lack of market. Today, several Asian and Latin American producers are among the leading supplies of garments in America's large departmental stores – Vietnam, Bangladesh, Cambodia, and other poor countries but not an African one, not Uganda which was at the forefront of the AGOA initiative.

Consider also cement production. If the figures from the annual Europa World Survey Reports are accurate, Uganda's annual cement production capacity by the two cement-producing factories, Hima and Tororo, has not changed much since 1986. In 2011 Hima and Tororo cement factories had a combined annual output of 450,000 metric tons, a small increase from the 1986 annual capacity. This production capacity does not match domestic requirements that stand at an estimated 650,000 tons per year (Africa South of the Sahara 2012: 1319). Uganda's leading 'development partner,' the World Bank, has hailed the country for achieving many 'first:' the first of the world's poorest countries to prepare a comprehensive, time-bound national strategy for poverty reduction, the first to receive debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, and the first low-income country to receive general budget support from the World Bank's International Development Assistance (IDA) through a series of Poverty Reduction Support Credits (PRSCs), etc.

But these many 'firsts' ultimately count for little, if nothing, as long as the country cannot increase productivity and significantly up the overall annual national output across the board, more so in the manufacturing sector. The World Bank and other agencies are content with highlighting Uganda's progress and growth, selectively citing rosy indicators but avoiding facing the reality of the country's abysmal performance in key sectors such as agriculture, manufacturing, and overall value-addition.

By far the biggest bottleneck to increased production is the weak infrastructural capacity of the country: from poor transport, with practically no functioning railway network in a landlocked country, to energy deficiencies, and most important of all, limited technology infusion and innovation. Without achieving the minimum infrastructural capacity that can power production, all other impressive economic indicators will be standing on shaky ground. Let me briefly comment on energy and technology, taking one in turn, and attempt to situate them in this call for the role of a Revived Cooperative movement in the current economic scheme of things.

First, energy has been a subject of repeated emphasis during just about every state-of-the-nation address over the past decade. As aptly noted in the 2012 report of the Europa Survey of the World, the Uganda Manufacturers' Association has long stressed that manufacturing could expand much faster if it were not for the country's faltering electricity supply (see Africa South of the Sahara 2012). Uganda has immense electricity-generation potential. Although focus is placed on hydropower, other sources of energy have not been fully explored. Sugar manufacturers like Kakiira have tapped into the energy potentials of their raw material – sugarcanes. Kakiira has not only produced electricity to power its manufacturing plant, it has also contributed to the national power grid.

Following this lead of Kakiira and other sugar manufacturers like Kinyara, the broader agricultural sector can borrow a leaf through expanded production and achieve at least three mutually reinforcing outcomes: higher-value output, increased employment, and electricity generation as a by-product of processing. But for this to happen the agricultural sector needs targeted state intervention; and the Cooperative Movement can provide the requisite institutional framework to facilitate such intervention. The Movement would provide the most viable institutional linkage because it is rooted in producers who are the key player in the economy.

The government's approach of 'modernizing' agriculture through NAADs and the piecemeal intervention of promoting model farmers has yielded very little transformation in the sector. Instead, a major shift from traditional small-scale peasant farming to large-scale commercial production has to be based on a national institutional framework that organically links production to state intervention. The Cooperative Movement, if cleverly recast, can meet this challenge. In the face of continued exploitation by sugar factories, sugarcane growers under organizations like the Uganda National Association of Sugarcane Growers (UNASGO) still remain focused on getting better returns from selling raw canes and begging for access to NAADS funds to facilitate cane growing. But should sugarcane growers remain trapped in this old way of doing things?

Second, on technology infusion and innovation: this goes along with the above task of realizing sufficient energy generation. There has been a running debate among development economists as to whether poor countries need to innovate to progress or they have to just tap into the already existing pool of scientific discoveries and technological innovations. Jeffrey Sachs, the preeminent poverty eradication activist and aid advocate thinks that technological infusion, from the advanced countries to the poor parts of the world is all that is needed. There is no need to reinvent the will. Sufficient and proven technological innovations already obtain. Sachs stands on the same side with former World Bank Chief Economist and Vice President, Joseph Stiglitz. By contrast, MIT economist Daron Acemoglu and his collaborators, Simon Johnson and James Robinson, have accented the old path of creating inclusive institutions that facilitate individual innovation and protect property rights (see Acemoglu and Robinson 2012).

Whatever the case, Uganda urgently needs to tap into cutting edge technology to raise productivity and increase the overall output. Again, if there is anything to learn from the Asian late industrializers and developers, it is that tapping into Western technology and appropriating it for local use is a shrewd way for catch-up development. One of the things that Americans chide the Chinese for is that the latter have done little by way of innovation and invention in their seemingly unstoppable match to global-power status. Instead, the Chinese are accused of opportunistically taking advantage of especially American technological innovations by allowing an unfettered environment of copying and replicating Silicon Valley innovations. But are the Chinese bothered by this charge, or should they anyway? Hardly! Today a great deal of what Americans consume is made in China using American technology. And guess who is hugely financially indebted to the other.

The Ugandan government has done a poor job of tapping into existing technology for agro-processing and manufacturing. The revived Cooperative Movement has an excellent void here to fill – to act as the agent of technological infusion for highly needed value-added production. The reason why Chinese goods have flooded African markets, including Uganda, and crowded out local producers is precisely because of the technological edge. Yet, to be sure, as noted above the Chinese have been anything but technological innovators. Some pessimist commentators have suggested that African economies cannot compete against China's cheap goods. But if China can produce cheap goods using borrowed technology, why not Uganda? Over to you in the Cooperative Movement!

In Lieu of a Conclusion

At the risk of sounding repetitive I should like to reiterate the main message of this paper, which is obviously directed at the key actors in the push for reviving the Cooperative Movement – first and foremost, the cooperators, civil society organizations that are standing in solidarity, and the government. Times have changed and the challenge at hand is different from the dynamics that informed the initial emergence of cooperatives in Uganda. The challenges of the 21st century call for new imaginations and new methods of work on the part of the Cooperative Movement. To remain with the same thinking that produced Kinakulya Growers Cooperative Society in 1913 is unhelpful.

For one, a country that experimented with the inward looking Import Substitution Industrialization (ISI) strategy of the 1960s and 70s has undergone a 360 degrees transformation to become one of the most acclaimed students of the neoliberal 'free' market economics. The days of command economics are long gone and will never return. Make no mistake: IMF and World Bank officials still call the shots in Uganda's policy circles. And they have a strong following of quite a few over-zealous neoliberal coverts based at key institutions such as the Finance Ministry, the Treasury, and the Central Bank. Thus presidential pronouncements castigating outsiders' meddling and appearing to be reclaiming control over economic policy should be treated with a pinch of salt.

Actors behind the drive to revive and redirect the Cooperative Movement must remain acutely aware of this state of affairs. They have to innovatively craft their message and be smart in executing their mission. One possible way to proceed, accented in this paper, is to operate within the neoliberal creed but channeling cooperative efforts towards increased production. To return to the old mission of marketing peasant-farmers produce will inevitably be met with resistance and sabotage from the neoliberal guild.

Given the current economic environment underpinned by a convergence of the ideological left with the right, cooperators have no chance when they come up against the neoliberal guild. Without any 'Left' left, cooperators cannot afford a fight with those who unwaveringly stand on the side of pernicious capitalist exploitation. This is by no means a call to resignation; rather it is a case for a new strategy. But beyond the rationale of avoiding getting onto a collision path with the powerful agents of neoliberalism, cooperators ought to realize that the real task at hand now is not marketing farmers' produce; it is producing value-added products in a competitive economic environment. As a state-party to the World Trade Organization framework, Uganda will do little to stop Chinese products flooding the local market. Yet we can do a lot to produce on a large scale and compete in the proverbial market. If other poor economies are competing with China in the American market; Ugandan producers can surely compete with China at least in the regional East African market.

Lastly, cooperators must seek a workable collaborative arrangement with players in the manufacturing sector like Uganda Manufacturing Association (UMA). Part of the reason why we have had little transformation is the disjointedness between the agrarian sector and the manufacturing sector, among others, and the failure to establish backward and forward linkages. While the Cooperative Movement may be wary of entering a working relationship with manufacturers for fear of exploitation, finding a mutually rewarding engagement is not unthinkable.

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