10 Conclusion

Contributions to Understanding Late Development

Most explanations of why structural transformation has been so difficult to sustain across former colonies are based on comparisons with idealised versions of Anglo-American or East Asian economic development trajectories. When examining success stories, debates tend to focus on the extent of state interventions in promoting industrialisation (Lin & Chang 2009). However, the challenge of catching up in the twenty-first century is an entirely different beast. Most late-development success stories experienced their rapid growth prior to the structural adjustment reforms of the 1980s and 1990s. Achieving catch-up development requires navigating a fundamentally different global economic environment (increased financial integration and global fragmentation of production), as well as the political and economic constraints that have been shaped by decades of market-led reforms imposed as part of structural adjustment.

Recent studies have shown that contemporary development is characterised by transformation from low-value agriculture to low-value services (McMillan et al. 2014). While some contest this view, highlighting significant productivity in agriculture and even some progress in manufacturing (Cramer et al. 2020), there is no doubt that services comprise a more significant share of national GDP for most countries than they did in the 1950s and 1960s. Some of this can be explained by a reduction in trade barriers, increased globalisation and financialisation. However, the impact of increased reliance on services growth, as well as how services-first strategies reshape the challenge of late development is rarely analysed.

Within existing literature (especially on African countries), the political economy of services-focused strategies has rarely received much attention. Most African countries, which have experienced rapid growth or been likened to 'developmental states' (Mauritius,

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Botswana, Ethiopia), have not actually sustained structural transformation, because few latecomer firms in those countries gained the technological capabilities to be internationally competitive. Mauritius made the most progress in achieving structural transformation. Mauritius experienced considerable manufacturing growth and benefited from productive state–business relations (Brautigam 2005; Meisenhelder 1997). However, over time, the government has become captive to Franco-Mauritian conglomerates, and growth has been sustained because of revenues from its tax haven (Salverda 2015). Fundamentally, though some Franco-Mauritian conglomerates did invest in technological capabilities, they have rarely led in investments in new sectors (Behuria 2023). Botswana also had some manufacturing growth in the 1990s but remains largely dependent on tourism and mining. Ethiopia, while investing significantly in manufacturing growth, fell into civil war in 2020 and now faces an uncertain political future with signs that the Abiy Ahmed government is pursuing more market-led reforms and departing from its 'developmental state' strategy (Lavers 2023; Oqubay 2015). In all these countries, services growth is a significant contributor to the GDP (and Ethiopia is the only country of the three where it was not directly prioritised). Yet service-focused development strategies receive limited attention in the academic literature.

The RPF's strategy is not solely focused on services. Instead, the RPF has developed a strategy that makes services the fulcrum of the economy, with the goal of transforming Rwanda into a services hub. This does not just include the transformation of specific economic sectors; it also entails a transformation of the entire government bureaucracy into portraying Rwanda as a progressive leader of several causes (from gender to the environment to Pan-Africanism). As a result, Rwanda is perhaps the most extreme example of an African country that has prioritised services-based growth as an explicit strategy. Debates about Rwanda's growth success are largely concerned with quarrelling over the veracity of data. There is less attention to the *distinct* nature of its development strategy and what that tells us about the challenge of late development under contemporary globalisation.

Rwanda's services-first strategy has resulted in new forms of dependence. Services-focused development requires dependence on an array of external actors. Governments also need to retain a positive reputation globally (to ensure tourists continue to arrive and that organisations of

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different kinds choose the country as a host destination for their conferences and events). Using the case of Rwanda, this study shows that contemporary late development, which is more dependent on services, results in more *transnational* forms of dependence and political contestation than those experienced in prior instances of late development.

'Dependency' is usually understood to be linked to colonial legacies. Colonial rule left most former colonies with undiversified economies and dependence on primary commodity exports, which are vulnerable to global commodity price fluctuations. Most former colonies have found it difficult to diversify from primary commodity dependence. As of 2023, one recent report suggests that 95 of 143 developing economies – including more than 80 per cent of least-developed countries – remain commodity dependent (UNCTAD 2025).

Former colonies have found it difficult to break away from relationships with certain traders and retailers that dominate the high-value segments of coffee, cocoa and tea markets (as well as the countries that host these firms). The most prominent versions of dependency theory argue that the persistence of these dynamics, as well as the lack of structural transformation in former colonies, highlights the continued salience of core-periphery relations. Segments of dependency theory also use this evidence to argue that it is impossible for countries to break away from peripheral positions in the global economy. However, such pessimistic arguments have been an easy target for critics of the dependency school who highlight the example of East Asian developmental states to discredit them.

More nuanced versions of dependency theory have often discussed the importance of analysing national bourgeoisies, in particular analysing whether the government and domestic capitalists are aligned in investing in structural transformation or whether they are simply 'comprador' to the interests of foreign capital (Cardoso & Faletto 1967). Such arguments work in line with work in structuralist and evolutionary economics, which argues for the importance of supporting domestic capitalists to invest in technological capabilities to become competitive in regional and global markets. Structural transformation requires domestic firms to be provided with 'rents for learning' (Khan & Sundaram 2000) so they invest in technological capabilities. Governments must both discipline these firms and also reward them when they invest in learning and technological capability acquisition.

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Though there remain differences in the extent to which scholars from these two groups (dependency and developmental state scholarship) prioritise production for domestic and regional markets or emphasise exporting to European and North American markets, both groups highlight the importance of creating effective state–business relationships to promote structural transformation. Manufacturing-based development strategies provide more opportunities to achieve this than services-based strategies. This book highlights how services-based strategies are expedient for governments that would prefer not to rely on domestic capital. The external reliance that results from services-based strategies likely leads to persistent vulnerability, because governments inevitably find it difficult (or impossible) to discipline foreign interests in line with goals of structural transformation.

The book highlights that the RPF has had increasingly tense relations with domestic capitalists. This has only intensified over time because of the government's anxiety that domestic private capitalists could fund rival groups that may mobilise domestic grievances, which exist because of the inequality characterising Rwanda's economic trajectory. This book highlights how the structuralist vulnerabilities of post-colonial development trajectories, as well as the impact of market-led reforms during structural transformation, have incentivised RPF leadership to rely on external capital rather than mobilising and supporting domestic private capital in their attempts to achieve economic transformation. Services-based strategies are thus politically convenient, as they reduce reliance on domestic capital while also encouraging domestic investment in rentier sectors (such as urban property). Yet this distrust of domestic capital makes structural transformation a very difficult task, as it forces either an increased reliance on government-affiliated firms or foreign capital. In this way, the book contributes to other literature that highlights the difficulties African governments have experienced in supporting domestic capitalists to invest in structural transformation (Whitfield 2018; Whitfield et al. 2015).

The insight that domestic capital in Africa has not been nurtured is not a new one. However, this book reminds us that while ineffective domestic state–business relations may be the norm in Africa, wealth in Africa exists (contrary to some assumptions within mainstream political science and economics). Existing literature on what makes effective state–business relations, focusing on 'embedded autonomy' or 'reciprocal control mechanisms', do not go deep enough in terms of

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analysing power relations. Instead, the book elaborates structuralist aspects of PSA, like others have done (Gray 2018; Khan 2010; Whitfield et al. 2015), to highlight that distrust of domestic capital is motivated by the anxiety of the ruling coalition that rival coalitions could be funded to mobilise the inevitable grievances characterising late development. Crucially, services-focused strategies are attractive in solving the problem of financing the political settlement in the short term.

Yet, in the long term, successful services growth does little to solve the handicaps associated with limited structural transformation. As political contestation evolves, the viability of the political settlement depends on ensuring dissidents are unable to mobilise popular grievances. Services-based development results in political contestation occurring transnationally, as dissident elites attack the RPF government's external legitimacy. Discrediting Rwanda's reputation detrimentally affects the RPF's capacity to fund its political settlement and services-based strategy.

This book examines how the Rwandan government has navigated contemporary globalisation to achieve some growth and export diversification, as well as political stability. It did this through an inductive approach, which did not begin by focusing primarily on the manufacturing sector (or the absence of it). Instead, it took the RPF's priorities and strategy seriously, or, as Mamdani (1996a) puts it, there was an attempt to study Africa as a process rather than as an analogy. Through analysing how the structural vulnerabilities of Rwanda's political settlement have both motivated its services-first strategy and contributed to new challenges, the book unsettles previous understandings of the challenges experienced in achieving structural transformation under contemporary globalisation. In particular, the book argues that the political vulnerabilities of contemporary development are now contested increasingly transnationally because external legitimacy remains very crucial as dependence on services growth evolves.

Many late developers had nationally owned banking sectors, strict capital and exchange controls, as well as some form of national development banks or other 'functional substitutes' (Gerschenkron 1962; Wade 1990; Woo 1992). After the adoption of structural adjustment programmes, nearly all African countries have liberalised their financial sectors (and even invited foreign-owned commercial banks) and have also reduced capital and exchange controls. In doing so, African

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countries have lost a key lever through which the state can direct investment for structural transformation. Critical literature on financialisation has largely neglected any possibility for finance to be used to promote structural transformation. However, through inductive research in Rwanda, the book shows how a variety of functional substitutes have emerged to finance structural transformation, with the RSSB the main avenue through which domestic resources have been mobilised. The proliferation of functional substitutes rather than their consolidation highlights both the elite vulnerability of the government and the anxieties that this may be viewed negatively by IFIs and Western donors who continue to call for market-led reforms. Analysis of how development is being financed and what actors are being used to finance development provides further depth to analysing how politics both shape prospects for structural transformation and impede it.

Rwanda's services strategy has contributed to increasingly evident domestic inequalities. A large share of the literature on Rwanda has long argued that rising inequalities, as well as horizontal inequalities between ethnic groups, could lead to a popular revolution. This book shows that in each sector, capitalist accumulation has been characterised by rising inequality. With over 130,000 Rwandans entering the job market every year, it is difficult to see where employment opportunities will be created. Yet the book argues that the RPF has been remarkably politically stable because it has managed to demobilise the capacity of disenchanted elites to mobilise popular revolt.

How Does This Book Contribute to Our Understanding of Rwanda?

Rwanda's economic recovery has attracted significant academic attention, with varied interpretations of the key determinants of growth. Diao and Mcmillan (2018) argue that Rwanda's growth experience is characteristic of many high-growth countries in Africa where growth is not driven by natural resource exports. They (2018) argue that in similar recent growth experiences, growth is driven by foreign aid and often directed to what Lewis (1954) calls 'in-between' sectors – encompassing informal sectors – rather than formal manufacturing or services sectors. Such in-between or informal sectors are growing more rapidly in African countries than formal large-scale modern manufacturing (Mcmillan et al. 2014). Other economists have placed emphasis

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on Rwanda's progress in achieving MDGs, specifically in relation to health and education measures (Abbott et al. 2015, 2017). There has been a vibrant debate questioning the extent of that growth, reductions in poverty and inequality in the *Review of African Political Economy* and elsewhere (Ansoms 2008; Ansoms & Rostagno 2012).

The academic divide about Rwanda (particularly true till the mid-2010s) has been consistently highlighted in the post-genocide literature on the country (Behuria 2015a; Fisher 2015; Hintjens 2014; McDoom 2022; Rutazibwa 2014). Rwanda's authoritarian regime has attracted criticism for its heavy-handed management of Rwandan society, human rights violations, support of rebel groups in the DRC and for exaggerating the degree of its development achievements (Reyntjens 2013; Thomson 2013, 2018; Wrong 2021). Some scholarship – particularly on politics and political economy – has written admiringly of Rwanda's state effectiveness, development achievements and the strides made in reconciliation (Abbott et al. 2017; Booth & Golooba-Mutebi 2012; Chemouni 2018; Clark 2010a). Bilateral and multilateral donors, as well as some academic scholarship, has praised Rwanda's 'state effectiveness' (Hasselskog 2018; Hickey 2023; World Bank 2020b). Marxian analysis of Rwanda has highlighted why it is not surprising that these two apparently conflicting narratives can coexist, because most successful late developers were authoritarian and violent, suppressing trade unions and political organisation, and since all capitalist development is characterised by violence, inequalities and contradictory outcomes (Behuria 2015a; Harrison 2016, 2017, 2020).

There has been a plethora of books written about Rwanda over the last two decades, with most literature largely focusing on genocide, memory and reconciliation, analysing repressive characteristics of the RPF government, Rwanda's involvement in the Congo Wars or documenting Rwanda's political evolution after the genocide (Clark 2010a; Fox 2021; Ingelaere 2018; Jessee 2017; Kimonyo 2016, 2019; Longman 2009; McDoom 2021; Mwambari 2023; Purdekova 2015; Reyntjens 2013; Straus & Waldorf 2011; Thomson 2013, 2018; Wrong 2021). There is also specific work on sectors, ranging from agriculture to education or on business and entrepreneurship (Honeyman 2016; Huggins 2017; King 2014; Russell 2019). There is comparatively less literature on the political economy of Rwandan development. There is no existing book analysing the politics of

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Rwanda's economic transformation and how political order was maintained and contested during that time. Thus, this book makes a clear empirical contribution to understanding Rwanda, highlighting how political and economic factors have combined to motivate RPF elites to develop its services-first strategy while highlighting how domestic threats and the need to maintain political order have forced them to adapt their strategy along the way. Nearly every chapter has fresh material based on over a decade of fieldwork in the country, highlighting how elite frictions and the services-oriented development strategy have shaped the 'transnational' nature of political contestation of the RPF's development trajectory.

While the RPF's paradigmatic ideological goals of self-reliance have usually been portrayed (Reyntjens 2016) as being used to mobilise support against memories of a violent past and common enemy, the book focuses our attention on the economic strategy that is manifested out of this paradigmatic goal. The RPF presents a singular pathway to self-reliance in the long term: through regional and continental integration, transforming Rwanda into a hub for Africa's future growth. In this way, the RPF presents itself as a hub *externally*. Within the continent, it aims to gain support to enhance its Pan-African credentials. The RPF government has not only invested in presenting Kagame as a Pan-African leader but has also installed Rwandans in several leadership positions in regional, continental and global fora. This is part of a strategy of cementing Rwanda's place on the world stage, giving Rwanda a voice in diplomatic relations and making it difficult for bilateral donors to thwart Rwanda's more controversial policies, including Rwanda's interests in the DRC.

The RPF has invested heavily in 'nation branding' and skilfully manages its relationships with donors. The government used genocide guilt and memorialisation to remind donors of their complicity in the genocide while also using such reminders of the past to consolidate domestic political order (Beloff 2020; Bolin 2021; Desrosiers & Swedlund 2019; Mwambari 2021). Even the UK–Rwanda asylum deal is legitimised domestically in Rwanda as central to the RPF's ideological goals of being a home for migrants, given their own migrant past. The RPF has argued that the international community ignored Rwanda's plight during the 1994 genocide. This memory has been mobilised to justify Rwanda's leadership of African peacekeeping

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forces, highlighting Rwanda's commitment to the urgency of ensuring there are 'African solutions to African problems'. Such strategies not only enhance Rwanda's position on the world stage but also contribute to Rwanda's continental leadership.

When the RPF presents itself as an answer to Europe's refugee anxieties or as an answer to African peacekeeping, it makes dependency a two-way street. Some of these deals also provide substantial revenue to Rwanda, with the migration deal itself providing up to half a billion pounds. Such deals also further Rwanda's position as 'preferred partner' for strategic deals on the continent. Thus, when Rwanda is accused of human rights violations or supporting rebel groups in neighbouring countries, the conflicting interests of donors also makes them more reluctant to act against Rwanda. This is particularly important given that the RPF perceives its biggest threats to be dissidents or enemies outside the country.

The book's main contribution to Rwanda studies is to develop a nuanced consideration of the political economy outcomes associated with Rwanda's economic development strategy, as well as highlight where the strategy's main political vulnerabilities lie. For decades, most existing literature focused on 'ethnocentric' understandings of Rwandan politics, with the main threat considered to be the largely Hutu rural population within the country. However, there is now increasing recognition that the RPF's internal elite politics and external dissidents (and their potential connections with opponents inside the county) represent the most significant threat to RPF rule. The book shows that Rwanda's services-oriented trajectory, though ambitious and often associated with some positive results, has fallen short in integrating domestic capital, creating linkages between sectors and providing requisite employment. Political order is maintained by a complex combination of portrayals of positive developmental performance, building aspirations for the youth and authoritarian control of potential resistance. This is a delicate balance for the Rwandan government, especially when its access to foreign exchange and resources is threatened, requiring it to take action that forces increased elite vulnerability. This occurred after aid cuts in 2012 (Behuria 2016a). However, thus far, the RPF has managed to maintain political order while failing to provide adequate formal employment and presiding over a highly unequal growth strategy.

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The Persistent Vulnerability of Transnational Self-Reliance

There is much to be sceptical about Rwanda's services-first development strategy. The strategy itself is based on a partial and incorrect reading of Singaporean and other supposedly successful services-based development trajectories, which all placed more emphasis on manufacturing than Rwanda has. Yet Rwanda has also defied the predictions of many critics, with many predicting substantial political upheaval and an inevitable violent revolution (Reyntjens 2013). As Reyntjens (2004, p. 210) wrote forebodingly, 'it is frustrating to wonder whether, in two, five or ten years from now, the international community, again after the facts, will have to explain why Rwanda has descended into hell once more'. More than twenty years after Reyntjens' prediction, domestic large-scale violence has not occurred. For large portions of the population, poverty under authoritarian rule remains a reality; however, there has been no return to violence (within Rwanda) at the scale of the 1994 genocide.

There is still much to fully understand about the political economy of post-genocide Rwanda. The RPF has embarked on an ambitious strategy, with many weaknesses and contradictions. The strategy is cognisant of Rwanda's subordinate position in the world economy and the ways to turn its geographical and historical vulnerabilities into an advantage. Through a multi-pronged foreign policy strategy to turn its geographical landlocked vulnerabilities into an advantage, its services strategy presents a relatively unique route through which to sustain growth and political order. There are many reasons to doubt it will work: Rwanda's continued external dependence, failure to integrate domestic capital and the limited employment that this strategy creates. Yet the RPF has attempted to develop a strategy to paper over the cracks within this strategy: by diversifying exports, as well as its external relationships and by relying increasingly on government-affiliated investment groups for strategic investments, as well as finding ways to incorporate the population's (and particularly the youth's) loyalty by providing some social services and some degree of output legitimacy. All of this is backed by a strong surveillance state and the threat of violence, which contains popular resistance and monitors any possibility that intermediate class elites can mobilise popular grievances.

Despite the challenges facing the RPF's development strategy, Rwanda is celebrated across the continent, including by other

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African leaders. Rwanda is consistently highlighted as a role model, with RPF leadership even advising other governments and sending its own leadership personnel to advise governments in West and East Africa. While African governments are learning selective aspects of Rwanda's development story, academics (Cheeseman 2018; Friedman 2012) have largely been concerned with drawing attention to Rwanda's authoritarian rule or challenging growth figures. There is almost no discussion questioning the determinants of RPF growth in these public debates about Rwanda's development trajectory or, indeed, questioning whether its services-oriented strategy can be successful and where vulnerabilities lie.

Analysis of Rwanda's economic trajectory has been primarily restricted to economic studies, which highlight specific technical challenges that need to be overcome or the specific policies or sectors that have contributed to growth (Diao & Mcmillan 2018; Ggombe & Newfarmer 2018; World Bank 2020b). Where politics has been analysed in relation to the macro-political economy, it has largely celebrated the Rwandan government's effectiveness. This is the first detailed, multi-sector case study of how politics has shaped specific trajectories at the macro level and across specific sectors, highlighting who benefits and how inequality has characterised capitalist accumulation.

Rwanda's development trajectory moving forward will be crucial to understanding dynamics across the continent. As part of the RPF's development strategy, Rwanda's leadership at regional organisations and continental forums like the AU has spearheaded initiatives like the AfCFTA. Diplomatically, the government has presented itself as representing Pan-African interests at multilateral forums. But for Rwanda itself, increased regional and continental integration is crucial to its own goals of making progress to achieve its ideological goals of self-reliance.

Managing Rwandan interests in the DRC while also retaining external support from donors remains one of the main challenges for RPF leadership in the future. Managing the domestic fallout (including loss of Rwandan national revenues and individual interests) from any withdrawal from the DRC presents a challenge to political stability in Rwanda. However, external tensions with neighbours like Uganda and Burundi have also contributed to increasing tensions within Rwanda (Bareebe & Khisa 2023). As RPF rule evolves, managing phases when the economy weakens – and disenchanted groups use

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those opportunities to mobilise against the ruling coalition – will continue to be the biggest threats to maintaining political order.

What Next for Rwanda?

A significant challenge facing the Rwandan economy is that it is difficult to envision how decent employment can be created to meet the needs of the growing number of youth entering the job market every year. The government has shown its anxiety about this challenge by consistently increasing employment creation targets in every national economic strategy. Every new high-profile initiative, from the Kigali Innovation Centre to the KIFC, has come with promises of creating hundreds of thousands of jobs. However, even where jobs are being created in services sectors, most of them are characterised by low wages and precarity. Yet services growth has been characterised by a skills lag, resulting in managers consistently being hired from outside the country (Behuria & Goodfellow 2019). Education systems, too, are not well suited for Rwanda's hub-based strategy, particularly given the sharp drop between primary and secondary school enrolment.

So far, Rwanda's hub-based strategy has succeeded in being a route to access more foreign exchange. The strategy has increased aspirations for the youth, while the surveillance state has attempted to contain dissent along the way. The distributional challenges that characterised the prelude to civil war in Ethiopia seem to be similar to inequalities in Rwanda. Yet predictions of popular unrest have been common in the Rwanda studies literature for at least two decades, and severe inequality has characterised most of RPF rule (Ansoms 2009; Reyntjens 2013; Thomson 2018).

RPF rule has been sustained because no intermediate class elites have been able to (or been allowed to) mobilise popular grievances to threaten Kagame's hold on power. RPF rule has been most vulnerable in its relationships externally (either with donors, neighbouring countries or dissidents abroad). Rwanda's support for rebel groups in the DRC or military interventions in neighbouring countries have, at times, threatened the RPF's centralisation of power and left it vulnerable to the contradictions of its 'nation brand' becoming more evident. What happens in the DRC is likely to have the potential to reshape Rwanda's development trajectory.

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In February 2025, Rwanda-backed rebels seized control of Goma, as well as other parts of the Eastern DRC. Globally, there were increasing calls for European countries to withdraw their support of Rwanda. After the Belgian government accused Rwanda of being 'in violation of the territorial integrity' of the DRC, Rwanda suspended its existing development cooperation programme with Belgium in retaliation. Other European countries gradually took stronger stances against Rwanda. In June 2025, the United States brokered a peace deal between Rwanda and the DRC. While the deal represented the best chance for peace, Rwandan officials highlighted that past deals were not implemented (Psaledakis et al. 2025). Despite pronouncements from the United States about a peace deal being imminent, it is not clear when it will be finalised and how long it will last.

There are several potential scenarios that are likely to reshape the direction of Rwanda's hub-based strategy. Most of them are linked directly to Rwanda's support of rebel groups in the DRC, which may alter at different points in the coming years. One interpretation of Rwanda's support of groups that have taken Goma (and continue to advance in the Eastern DRC) is that the RPF was testing whether Europe and the United States will take a collective stand. Rwanda's seizure of the Eastern DRC aligns with a part of RPF ideology, which sees the Kivus as part of a 'Greater Rwanda'. Thus, some within the RPF may not see the seizure of Eastern DRC as a violation of territorial integrity, particularly since it has been justified based on protecting Rwandophones (and Tutsis) who reside there. Crucially, it also means that the RPF would have full control of the commercial networks from the Eastern DRC. However, if Rwanda-backed rebels retain control of the Eastern DRC, it will eventually result in significant damage to the RPF's external reputation. Export of minerals, as well as other goods, will become the most significant lifeline of the Rwandan economy, and there will be less need to focus on becoming a services-based hub. This would likely result in Rwanda leaning increasingly on non-European powers, at least in the short term. This is the worst-case outcome going forward for many (Western) external observers.

Perhaps, a more likely but also more hopeful outcome is that Rwanda-backed groups will withdraw from the Eastern DRC eventually after coming to a deal. Depending on the kind of deal that is agreed, it would probably mean that Rwanda would retain some

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control of military and commercial networks from the DRC (including the revenues that result from such control). As the situation calms and if Rwandan elites with significant holding power lose out as part of the negotiations, elite frictions will surface (as occurred after aid was cut in 2012). This would mean that Rwanda would continue to have access to revenues from re-exporting minerals from the DRC but that becoming a services hub would remain the RPF's most significant priority.

Thus, at the time of writing this book, Rwanda is at a similar crossroads as it was a decade ago (when aid was last cut after Rwanda was accused of supporting rebel groups in the DRC). In both the scenarios highlighted – whether Rwanda becomes more mineral-dependent (and takes the Eastern DRC) or returns to its services-based strategy – there will remain two significant challenges for the future of the Rwandan economy. First, it is difficult to see how sufficient employment will be created for Rwanda's young population. Thus, significant inequality will continue to characterise RPF rule. Second, given that the RPF will continue to be anxious about the power of elites within and outside the ruling coalition, it is difficult to envision a situation where domestic capitalists will be supported. Thus, structural transformation will remain elusive because of the elite vulnerability that will characterise the political settlement moving forward.

A striking feature of RPF rule has been its capacity to defy the pessimistic predictions of those who have long argued that Rwanda would fall back into civil war. The book shows how the RPF has navigated the global economy with significant ingenuity. There are clear economic successes. Rwanda's services-based strategy itself is innovative and unique. In short, Rwanda is clearly charting its own late-development path, significantly different from any other past development experience.

Though there are reasons to be appreciative of the RPF's interventions in the economy, Rwanda's development experience highlights the immense constraints facing late developers under contemporary globalisation. In the long term, Rwanda's political stability and economic success is likely to depend on the government retaining the capacity to adapt to the demands of a young domestic population who will likely remain underemployed or employed in low-wage, precarious work. To achieve this, the RPF will continue to have to find new ways to

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access investment and foreign exchange externally in an increasingly difficult global trading environment. Ultimately, the RPF would have to find a way to build the effective state–business relationships necessary for structural transformation, which has been a *universal* challenge for all countries that have failed to 'catch up' from subordinate positions in the global economy.

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