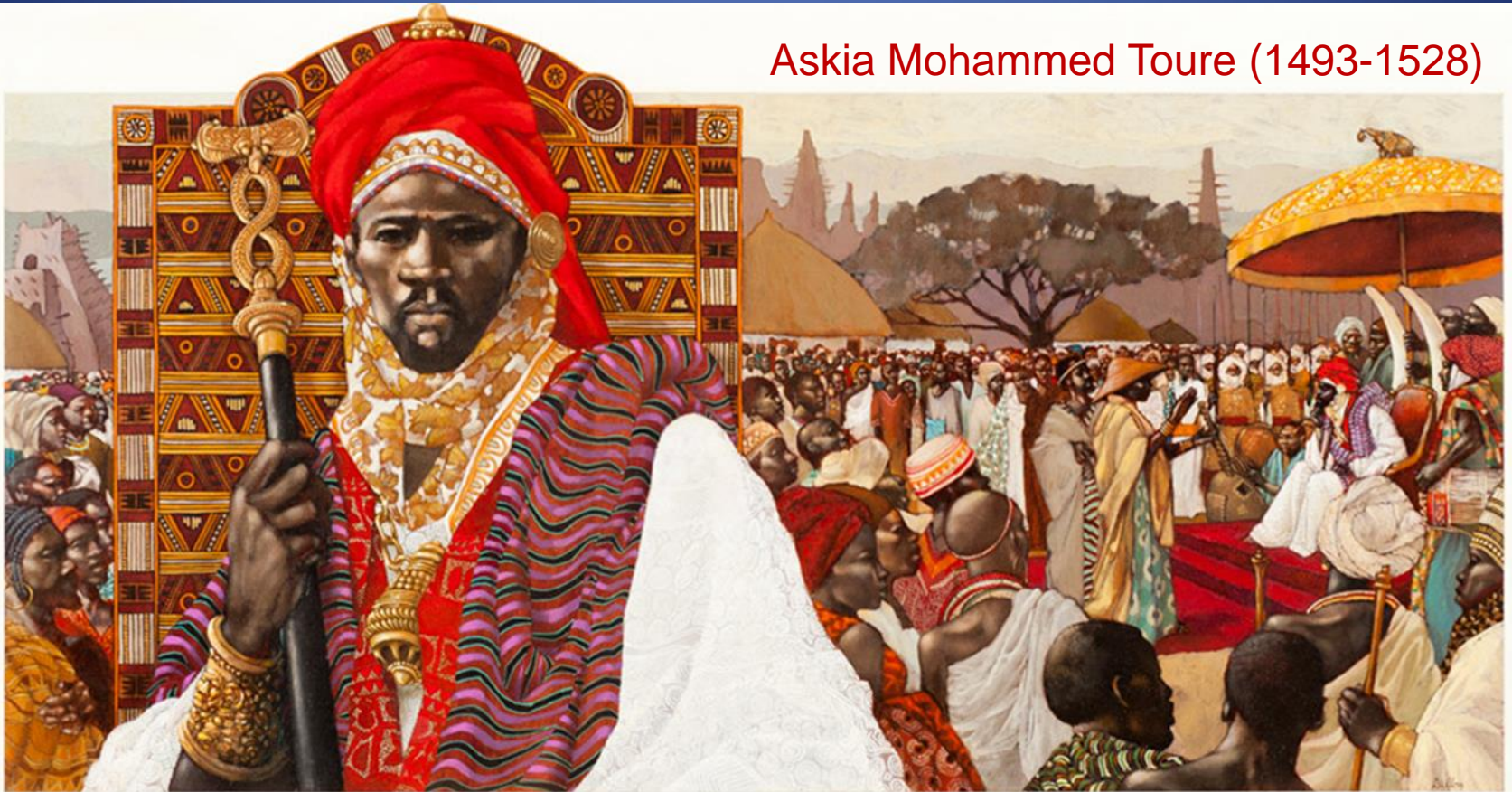


# African Economic History (II)

Askia Mohammed Toure (1493-1528)



Prof. Ewout Frankema

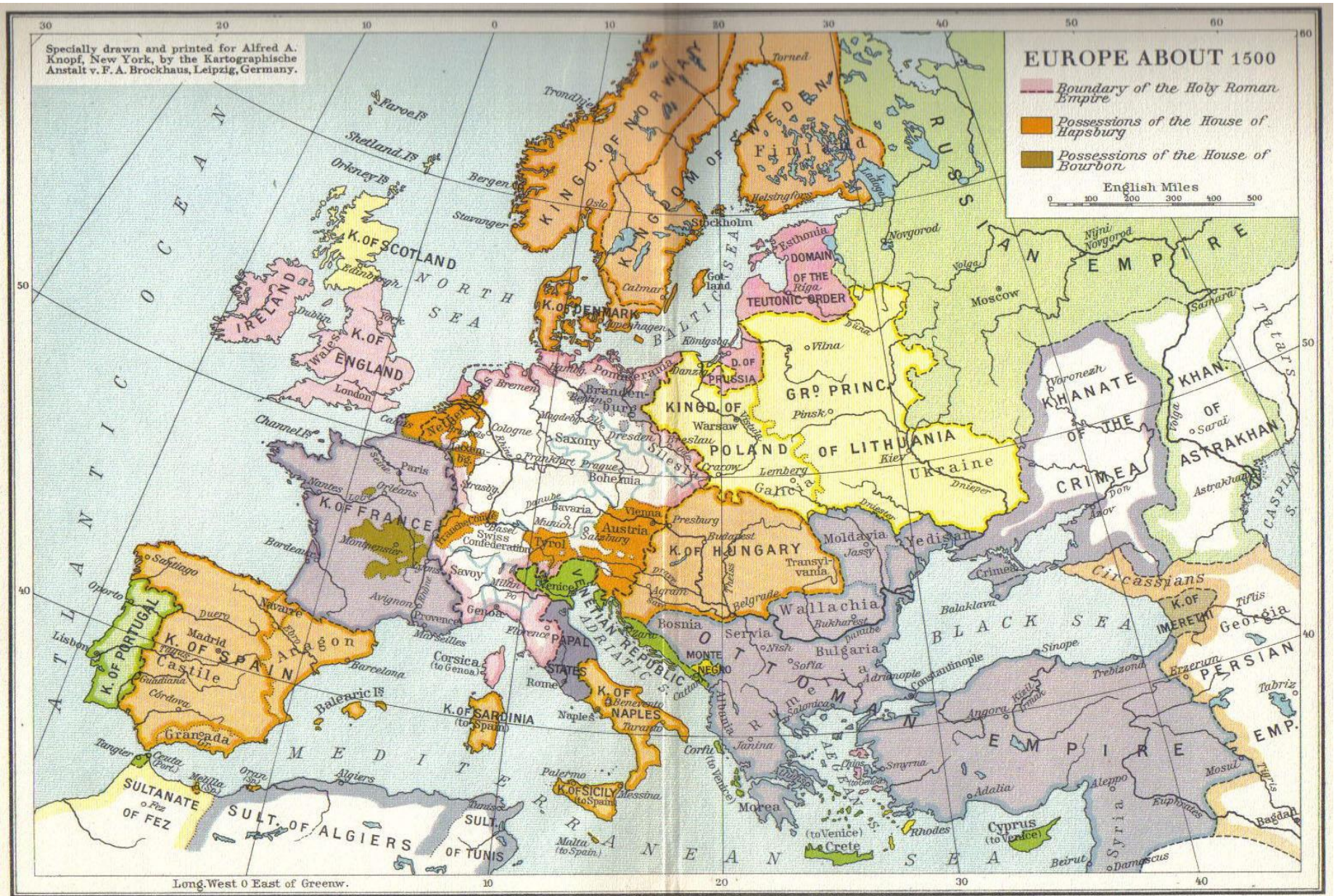
Facultad de Ciencias Sociales, Universidad de la República

Montevideo, 10 March 2015

# Outline

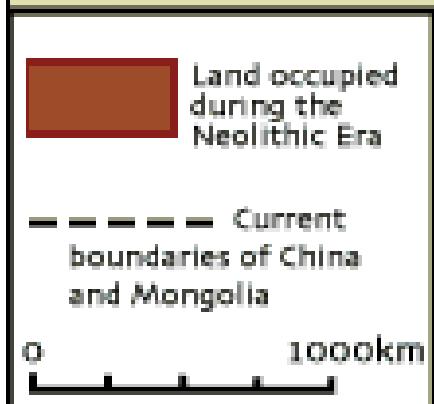
- 1. Three 'Stylized Facts' of historical African state formation**
2. Two perspectives on pre-colonial African state centralization
3. A revenue taxonomy
4. Continuities and discontinuities in the colonial and post-colonial eras
5. Conclusion





Territorial competition, military campaigns





Sustained dynastic rule



Monumental architecture



# Mali & Songhay empires 1000-1500



# Greater Zimbabwe 1300-1550



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# The endogenous view

Jeffrey Herbst (2000) *States and Power in Africa*

- Low population densities > open land frontier > marginal costs of taxation in hinterland (e.g. infrastructure) exceed marginal revenues > impedes centralization of power (broadcasting authority)
- Control over people rather than land > labour coercion (Domar 1970)
- Continuity pre-colonial – colonial –post-colonial era: European colonial powers faced similar challenges, but implemented a ‘territorial’ conception of state building (fixed borders, maps).
- Post-colonial African governments dealt with a mixed legacy of colonial state formation: institutionalized boundaries created effective buffer zones, but broadcasting domestic power remained problematic.



# The exogenous view

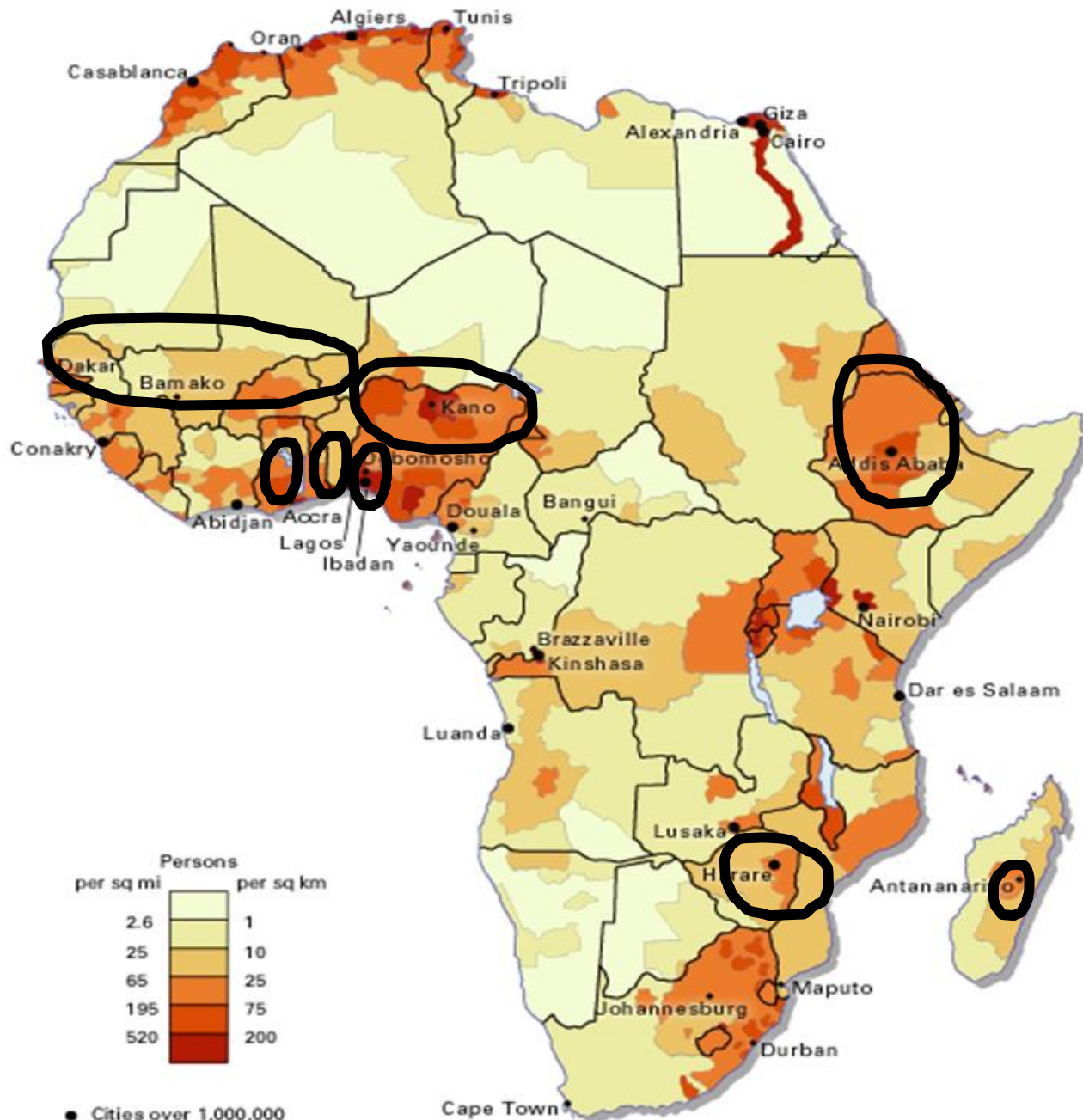
Acemoglu, Johnson & Robinson (2001) 'Reversal of Fortune' (see also Robinson's review essay of Herbst (2001), *Why Nations Fail* 2012; Osafo-Kwaako & Robinson 2013)

- Regions around the equator were relatively developed (= urbanized) around 1500, incl. SSA, but this development was reversed due to European (exogenous!) influences.
- No correlation between population densities and state centralization (Osafo-Kwaako and Robinson 2013). Geography is of secondary importance.
- African state formation processes interrupted by externally imposed 'extractive institutions' in areas with high settler mortality rates. These extractive institutions have persisted up to present.
- Assumptions: Discontinuity; Colonial states were 'absolutist', absence of African agency (see also Young 1993).
- Similar argument made for long-term effect of African slave trades (Inikori 2003, Nunn 2008).

# Comments

- 1) Osafo\_Kwaako and Robinson are probably right that there is **no correlation** between population densities and pre-colonial state centralization **within Sub-Saharan Africa**. This creates scope for different explanations, but it does not undermine the idea that SSA stands apart in a global context (e.g. Herbst focuses on the Europe-Africa comparison)
- 2) Herbst treats the **revenue basis** of states cursorily (AJR do not even conceptualize it), we place it in the centre of our analysis.
- 3) Density levels require ecological contextualization (compare the Americas; environmental circumscription thesis). We need to understand absence of **population concentrations**, not average density levels.
- 4) Herbst model is static: African *do* emerge and these states have no problem in centralization of power as such, but they **fail to sustain** it > reason: specific features of their revenue sources.

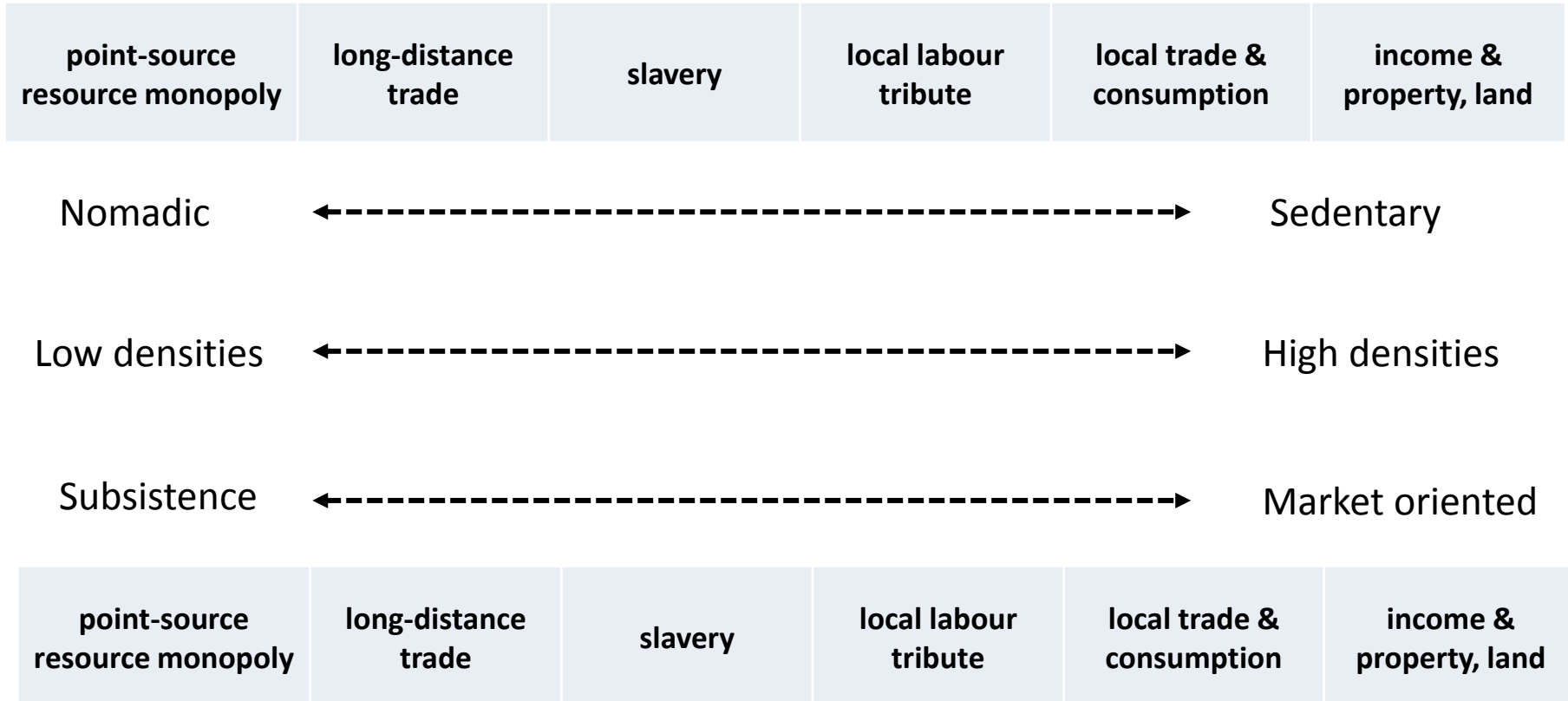




1. Three 'Stylized Facts' of historical African state formation
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# A revenue 'taxonomy'

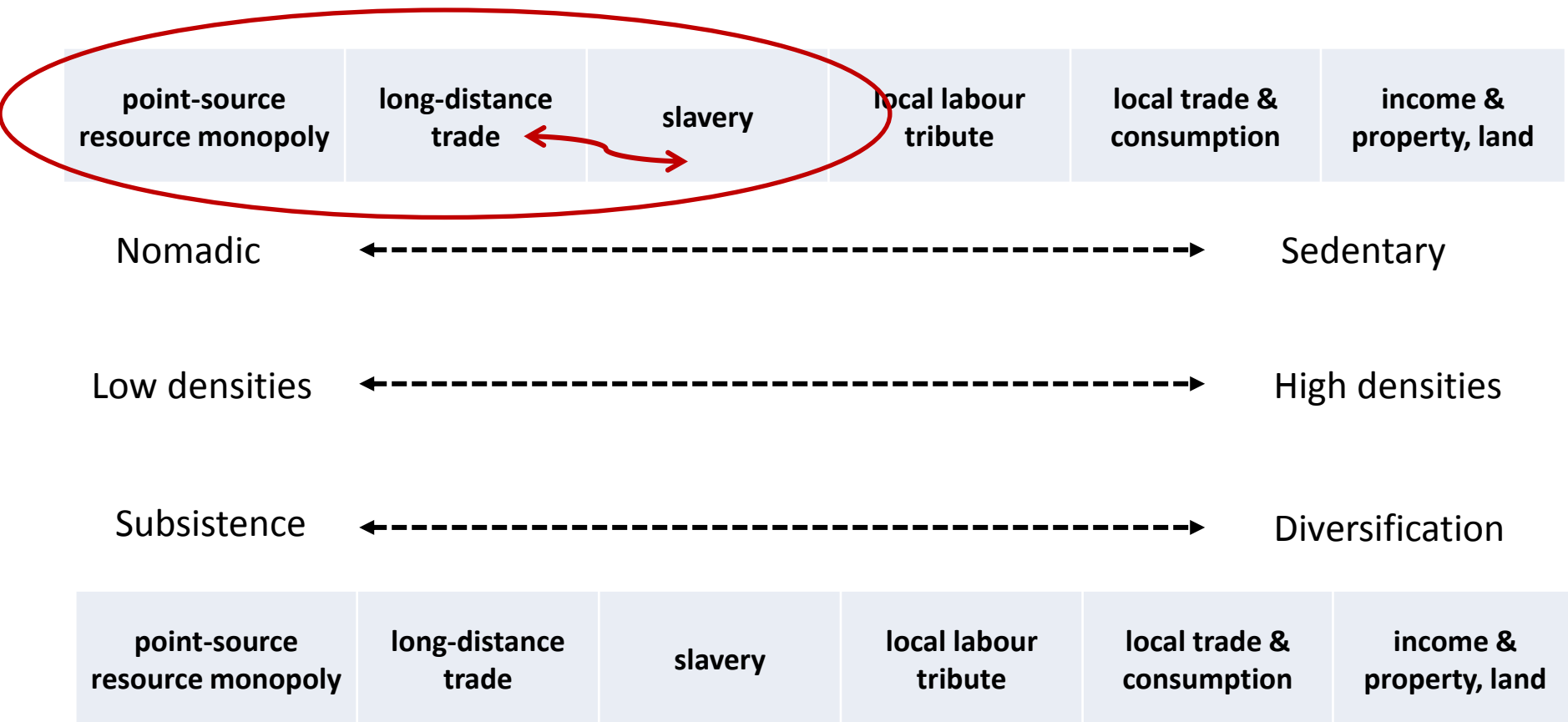


# Revenue basis of pre-colonial African states

- Ethiopian coast (Axum): Red sea trade
- Middle Niger delta: Gold, salt, slaves, trans-Saharan trade
- Central Sudan (Hausa states): Slaves, slave trade, cotton cloth, trans-Saharan trade
- West African forest belt (Benin, Oyo, Ashante etc.): slaves, slave trade, kola nut trade, local trade
- Zimbabwe plateau: Gold trade (Indian Ocean), ivory, cattle
- **Ethiopian highlands: Peasant production, local trade**



# An African tax 'taxonomy'



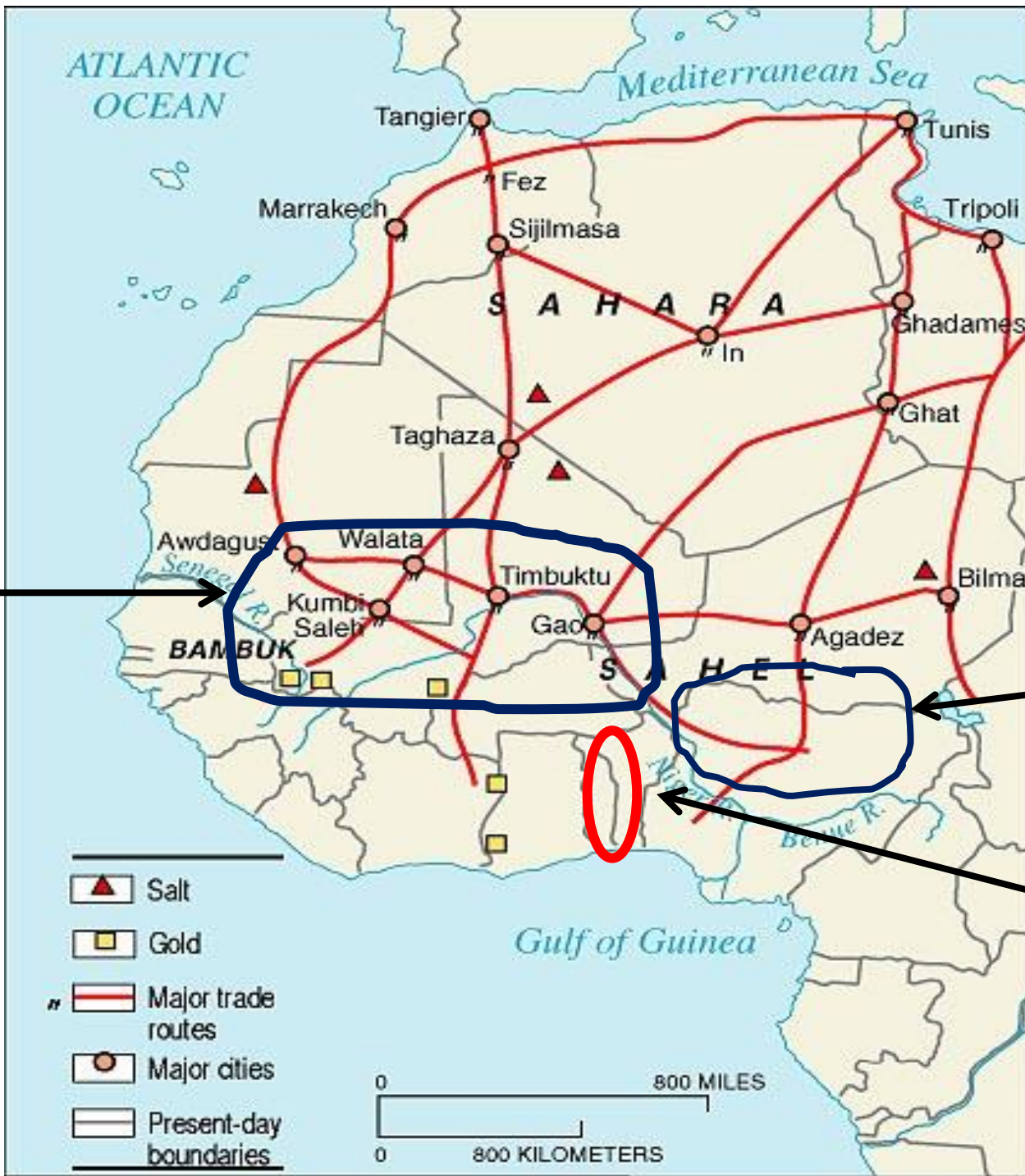
Songhay



Hausa



Dahomey





# The kingdom of Dahomey, 1600-1904



*Colonial states face similar challenges!*

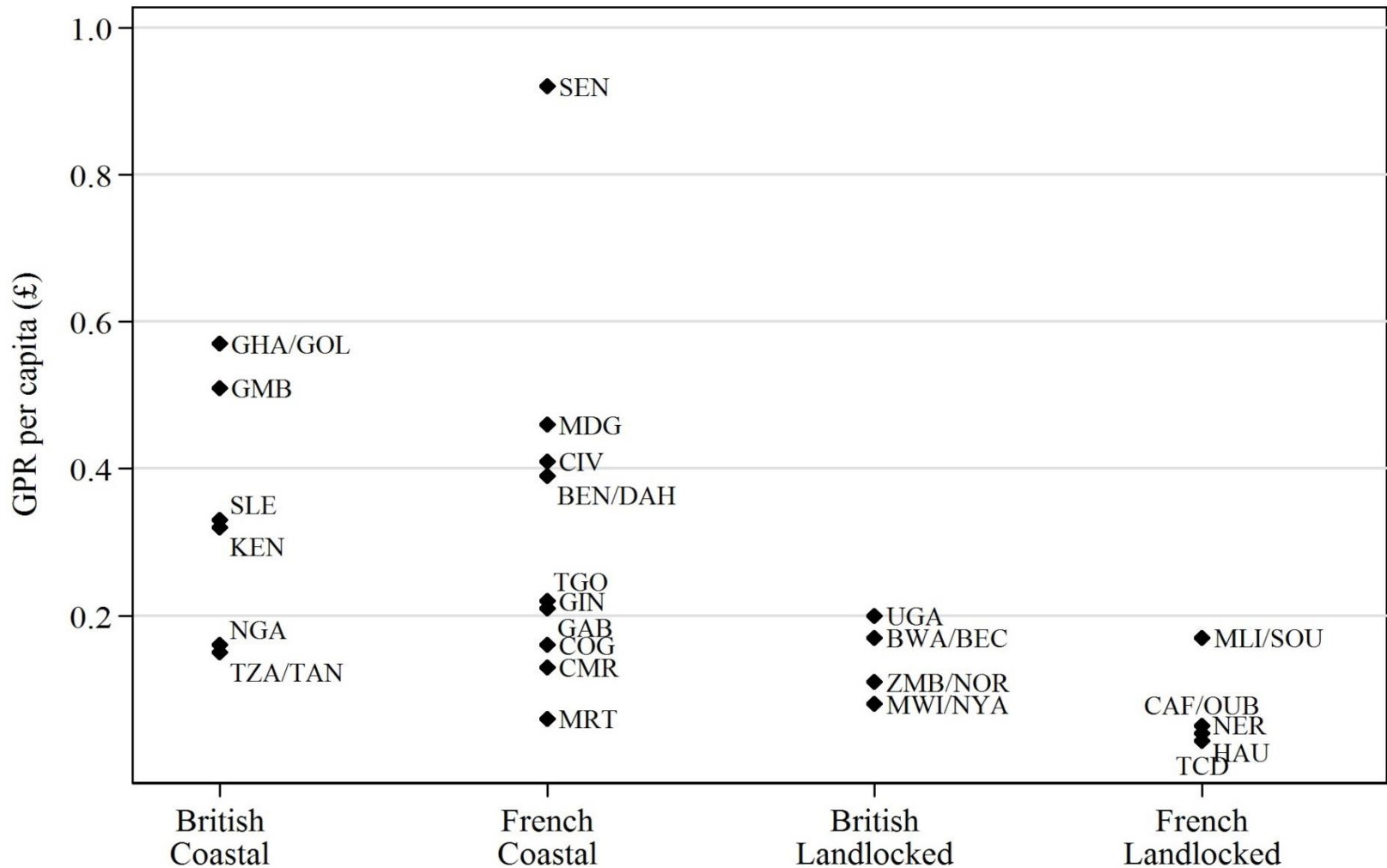
# Sources of colonial revenue (c. 1890-1960)

1. *Corvée labour*: Used at a large scale. Especially French Africa; railway construction, road clearing, mining.
2. *Indirect taxes (custom duties, excises)*: Easy to collect, monitor, generated less resistance
3. *Resource monopoly*: concessions (land, minerals)
4. *Direct taxes (native hut, head or poll taxes)*: Cost-inefficient! Used to commodify labour and stimulate cash-crop production/cash-economy and for revenue in case of no alternatives.

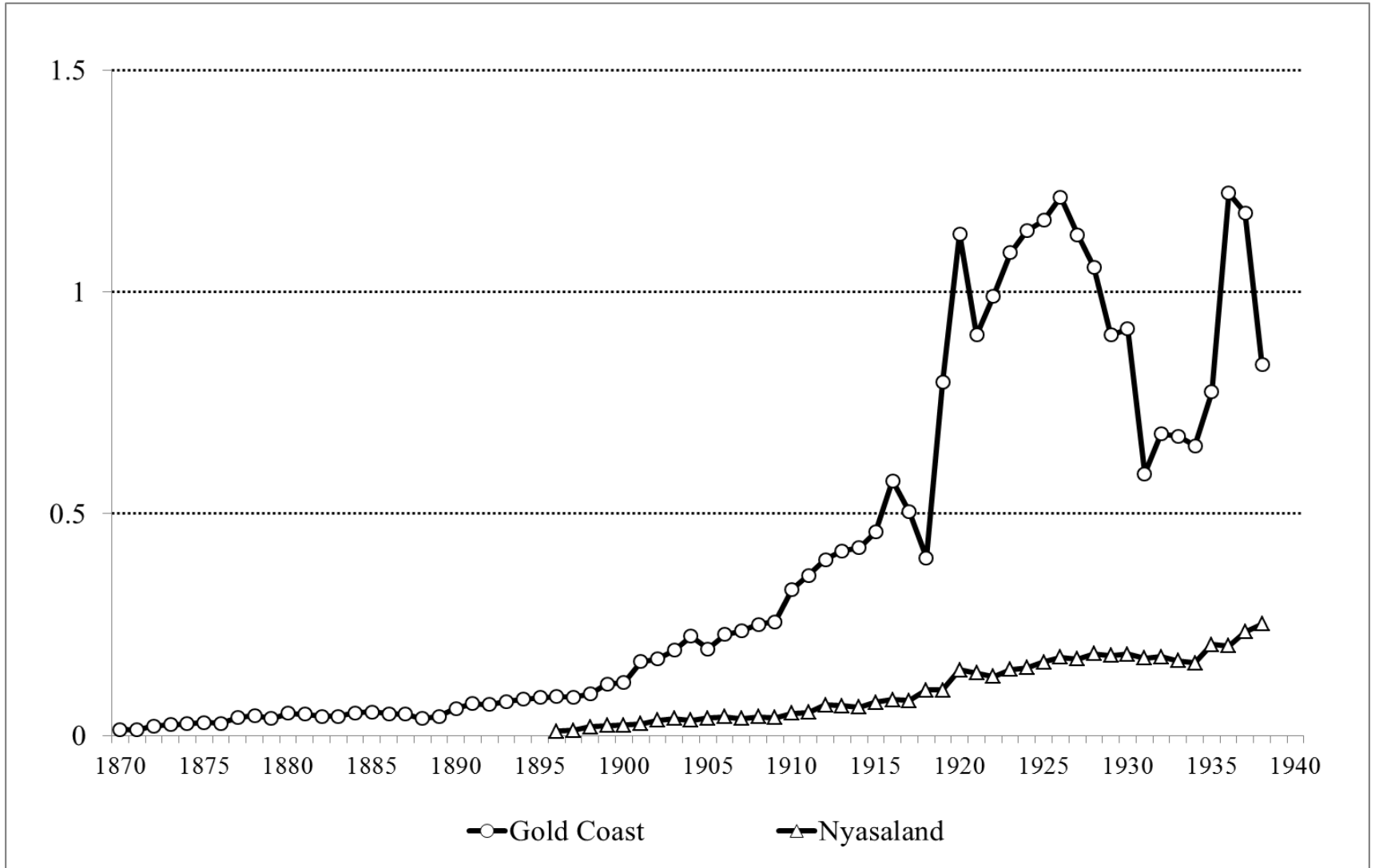


# Location matters more than ‘metropolitan policy’

## Gross Public Revenue/capita (1925)



# Gross public revenue in the Gold Coast (Ghana) and Nyasaland (Malawi), 1870-1940 (£ per capita)

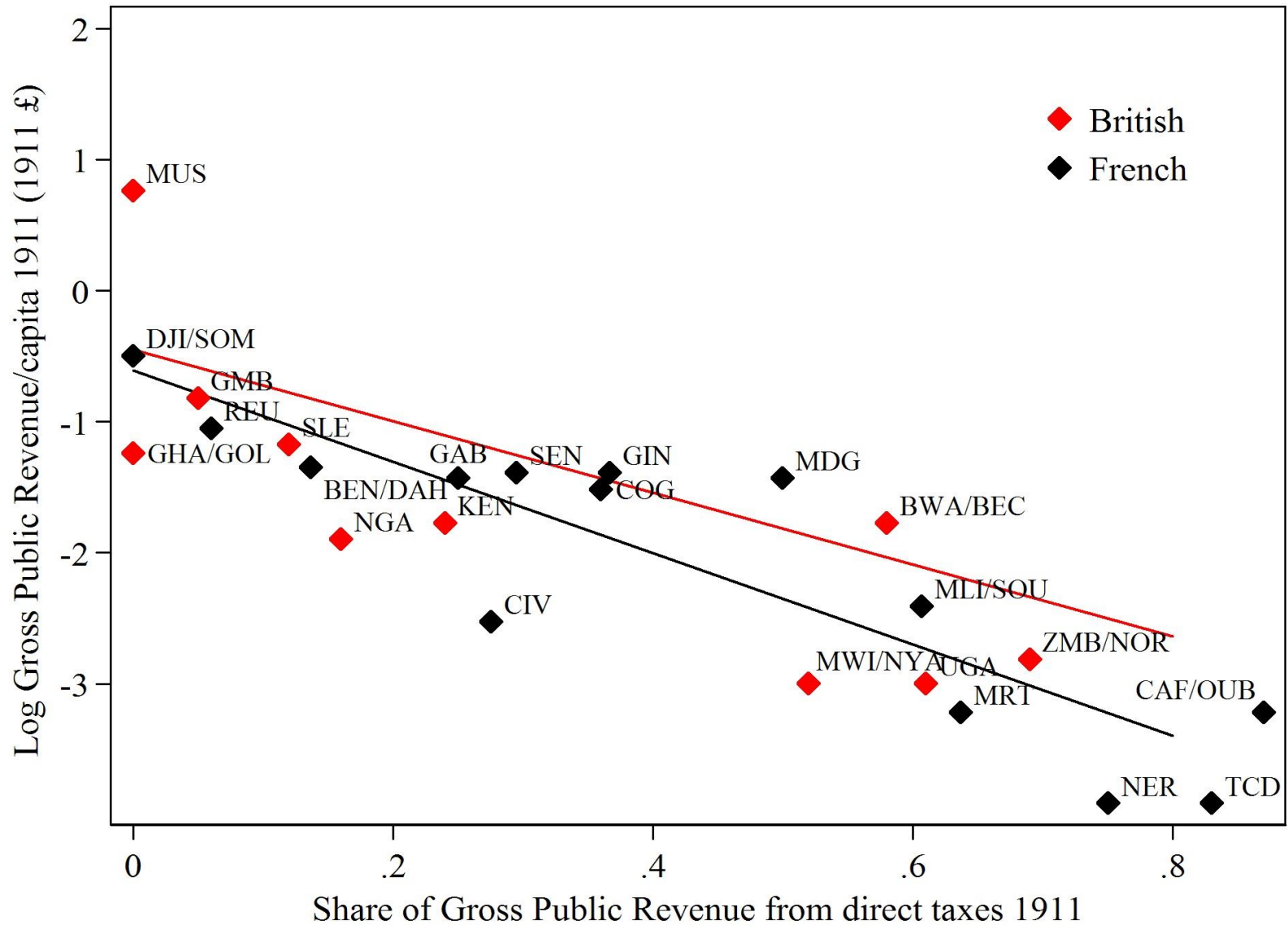


## Africa's Railroads

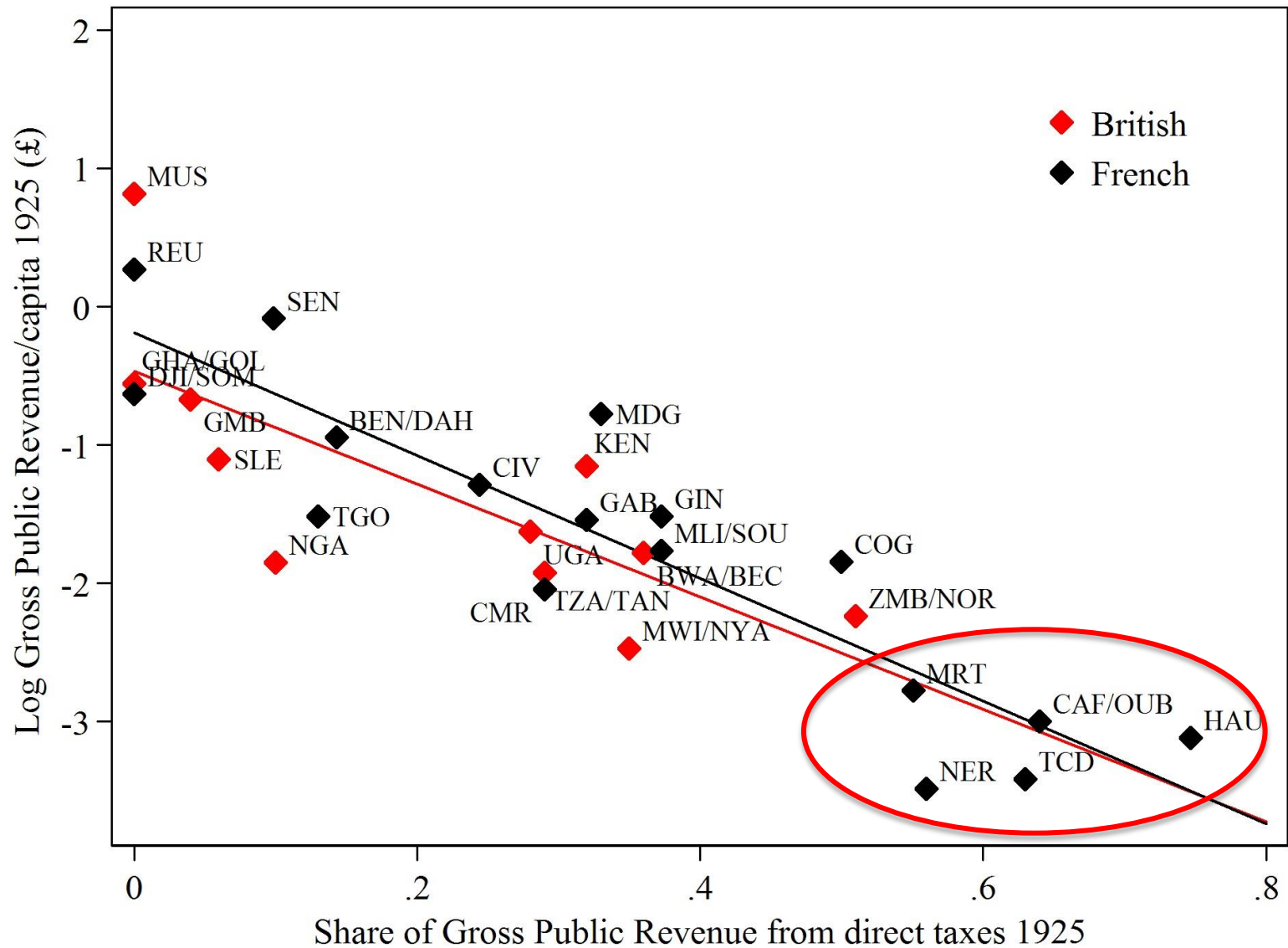




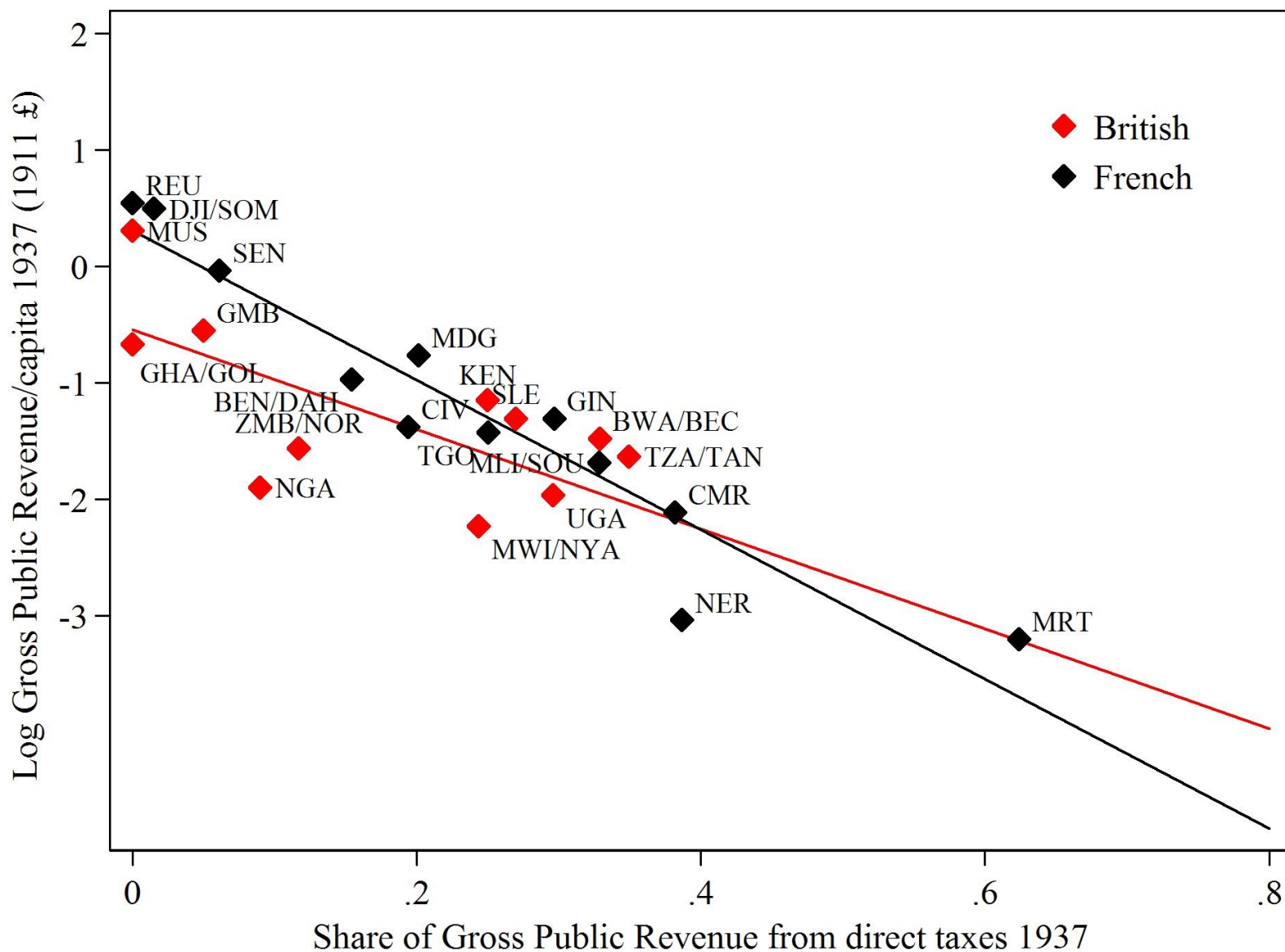
# Colonial state revenue sources vary



# Patterns of development in Fr. and Br. Africa similar!



# Colonies move along the fitted line up to 1940





**Table 3: Relationship between metropolitan identity and per capita tax revenue in 1925**

Dependent variable	Gross Public Revenue per capita (log)				Pooled regression
	1925				
	(1)	(2)	(3)	(4)	(5)
British dummy	0.340 (0.420)	0.356 (0.302)	0.181 (0.219)	0.210 (0.246)	0.170 (0.210)
Coastal dummy		1.552*** (0.307)	1.197*** (0.231)	1.189*** (0.105)	1.234*** (0.167)
Years pacified			0.031*** (0.006)	0.025* (0.010)	0.029* (0.012)
Lowest monthly rainfall				-0.001 (0.010)	-0.007 (0.008)
Average max humidity				0.005 (0.022)	-0.007 (0.017)
Island dummy				0.493 (0.688)	0.032 (0.654)
Number obs.	28	28	28	28	154
$R^2$	0.02	0.52	0.76	0.77	0.77

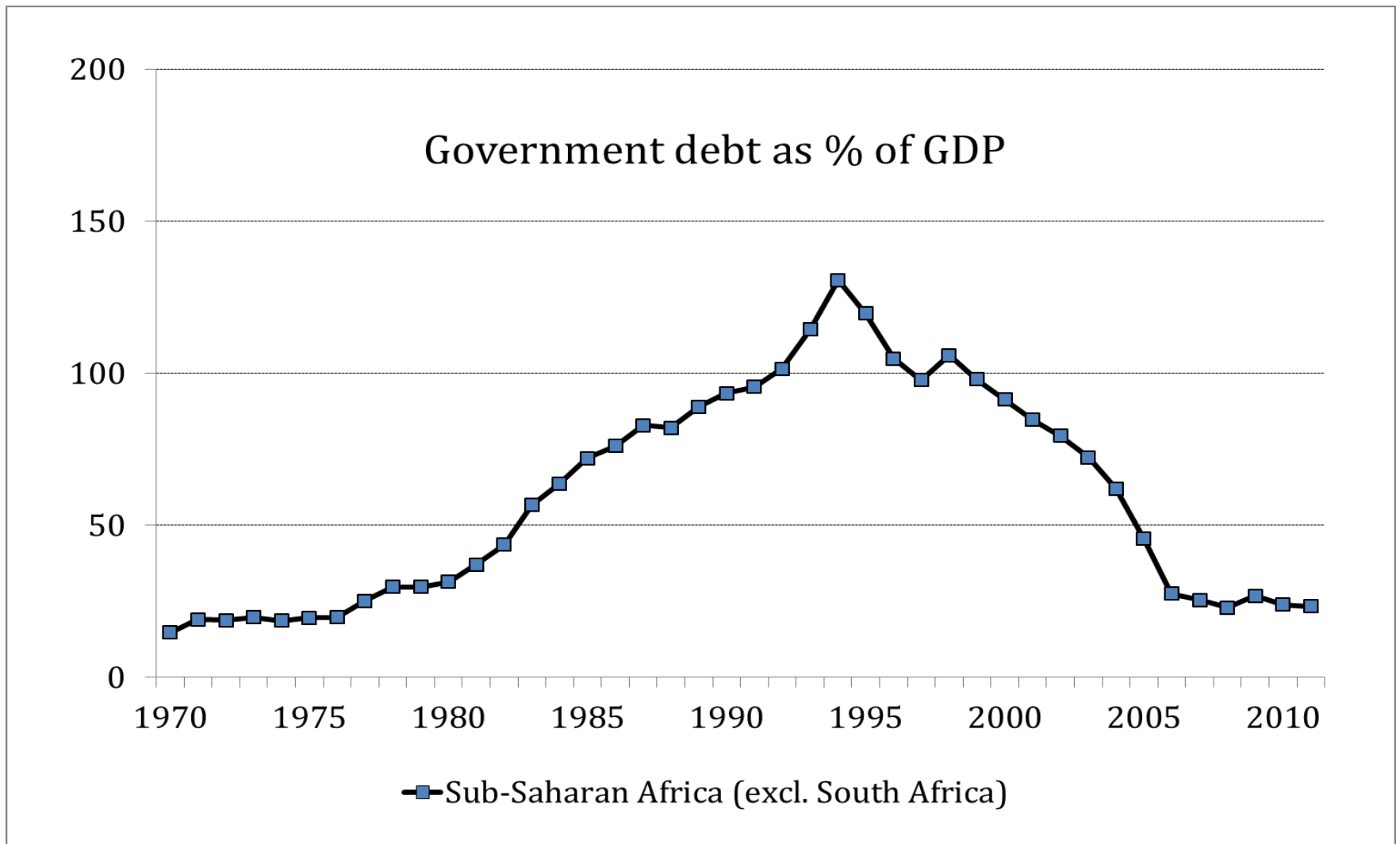
Implied additional income of French African states,  
**!tentative estimates!** Van Waijenburg (2015)

	% value prestation labor vis-à-vis budget				
	1913	1920	1925	1929	1934
Côte d'Ivoire	96%	21%	15%	10%	17%
Dahomey	19%	18%	7%	7%	6%
Guinée	<i>no pr.</i>	<i>no pr.</i>	<i>no pr.</i>	<i>no pr.</i>	9%
Haute Volta		61%	27%	14%	
Mauritanie	20%	7%	*	*	18%
Niger	57%	*	*	*	32%
Sénégal	31%	15%	4%	4%	5%
Soudan	129%	35%	11%	11%	17%
Congo	15%	18%	18%	10%	7%
Gabon	99%	22%	11%	10%	5%
Oubangui-Chari	90%	76%	23%	15%	14%
Tchad	217%	88%	35%	36%	38%
Cameroun	n.a.	33%	21%	13%	11%
Madagascar	*	*	*	*	*
Somaliland	<i>no pr.</i>	<i>no pr.</i>	<i>no pr.</i>	<i>no pr.</i>	<i>no pr.</i>
Togo	n.a.	n.a.	4%	5%	In progress

# Post-colonial diversification?

- Overwhelming share of GPR still from natural resources and international trade.
- Since 1940s: colonial grants in aid > 1960s structural development aid (unsustainable sources).
- Income taxes have been introduced, but have not become a substantial share of GPR yet (exc. South Africa, Mauritius)
- Consumer taxes (VAT), mainly introduced in the 1990s, mixed success, but still not a large share.
- Informal sector and tax evasion is massive (up to 50%-60% of estimated economic activity in many SSA-countries)





Source: Africa Development Indicators 2014

For the 27 low-income African countries [...] the ODA share of GDP averaged c. 13% in 2000-05 and c. 9% in 2013-14. (*OECD African Economic Outlook 2014*, p. 49)

# Conclusion

- The causes of weak African state centralization are hotly debated. These debates are ill-informed by temporal dimensions of state formation and by a lack of empirical data on their 'material' basis.
- Key issues are: geographic/environmental versus institutional perspectives. Continuities versus discontinuities. Role of colonialism.
- Role of animals in military capacity and trade development certainly plays a role.
- Shifts in slave trade also mark an important change in conditions and incentives for collective action <> state formation.