

POST-COLONIAL GROWTH, CRISIS AND REVIVAL

Course: African Economic History (Frankema & Austin)
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Gareth Austin
Department of International History
The Graduate Institute, Geneva

Tentative Agenda

- Introduction:
 - Debates
 - Outline of economic performance 1960-2015
- Policy regimes: why were they adopted, and with what results?
 - Statist, 1945/60 – early 1980s
 - Liberal, 1980s – present
- Long-term trends and patterns
 - Growth of Capitalism?
 - State failure?
 - Changing resource ratios
 - Towards Industrialization and an African Green Revolution?

DEBATES

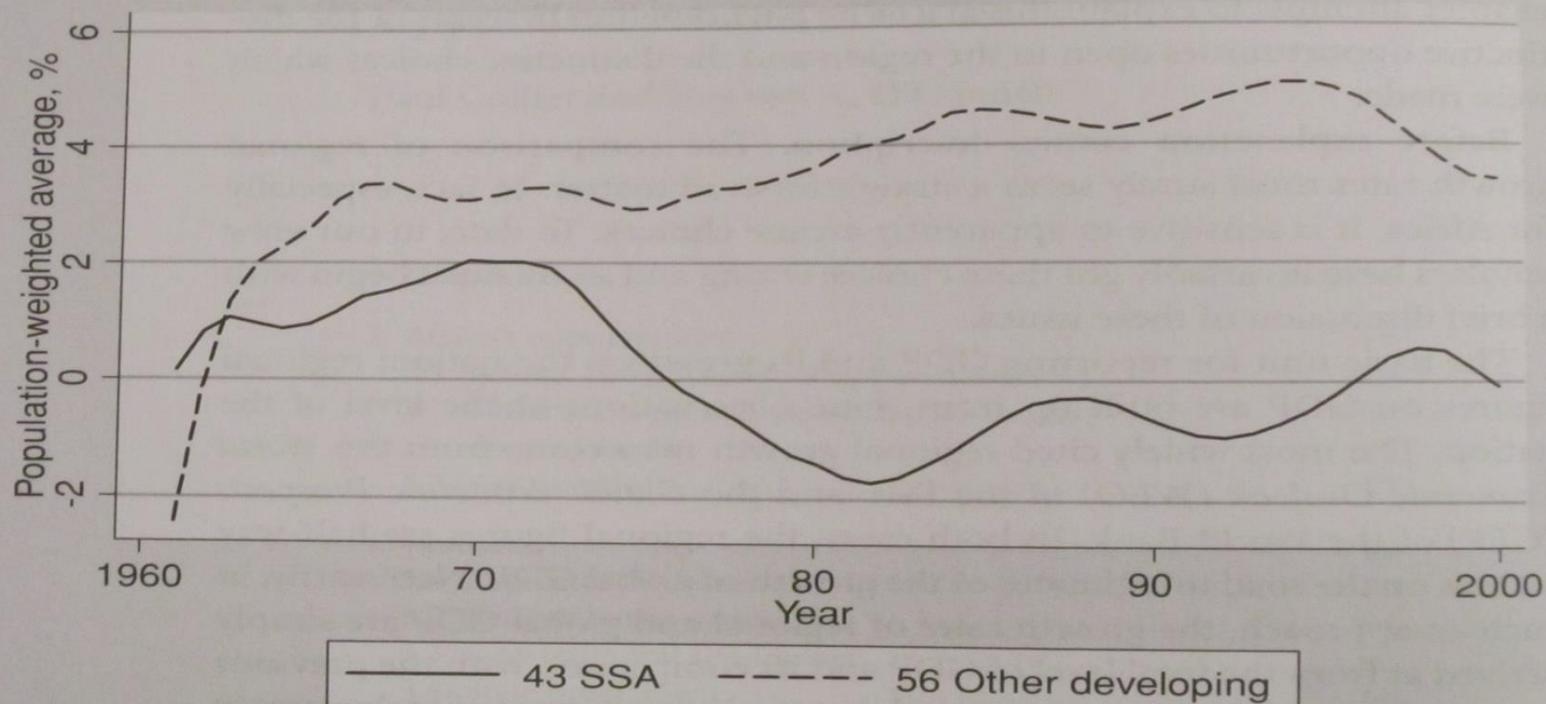
- Independence or neo-colonialism?
- **Why has Africa not grown faster?** Internal policy v external constraints
 - External constraints (Dependistas, e.g. Amin)
 - Internal policy & institutions to blame (Bates, Bayart, World Bank)
 - Comparative lessons? ('Lost decades'?)

OUTLINE OF ECONOMIC PERFORMANCE, c1960-2015

Collier & O'Connell 2008

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Economic Growth in Africa, 1960–2000



Variations Between Countries in Economic Policies & Performance

- Before 1973: mostly slow but positive growth per capita (between 1 & 2% p.a.)
- From 1973 (oil shock) or c.1975 to early 1980s: contraction in the majority of countries
- From early 1980s to mid-1990s (the decade of Structural Adjustment): Africa's real 'growth tragedy'
- From 1995-7 to c2008: pretty steady growth, usually about 2% per head p.a.
- SSA as a whole (less so Botswana, SA) coped pretty well so far with post-2008 Western economic crisis
- All this is aggregated for the whole of SSA: but there was much variation & even contrast in the records of individual countries

THE CHANGING ECONOMIC FRAMEWORK ('MODEL') SINCE 1945/1960

From market to state, and (more than) back
again

1960s-e80s: Predominance of state-led development strategies in the first 20 or so years after Independence

- Based on statutory export marketing boards as means of taxing agricultural export producers
 - Or on royalties from mining
 - Such taxation often became basis of far-reaching government controls on prices & quantities of goods and capital
- Often involving import-substitution manufacturing
 - State or foreign-owned

What Explains the Contrasting Performance before Structural Adjustment, c.1960s-e80s?

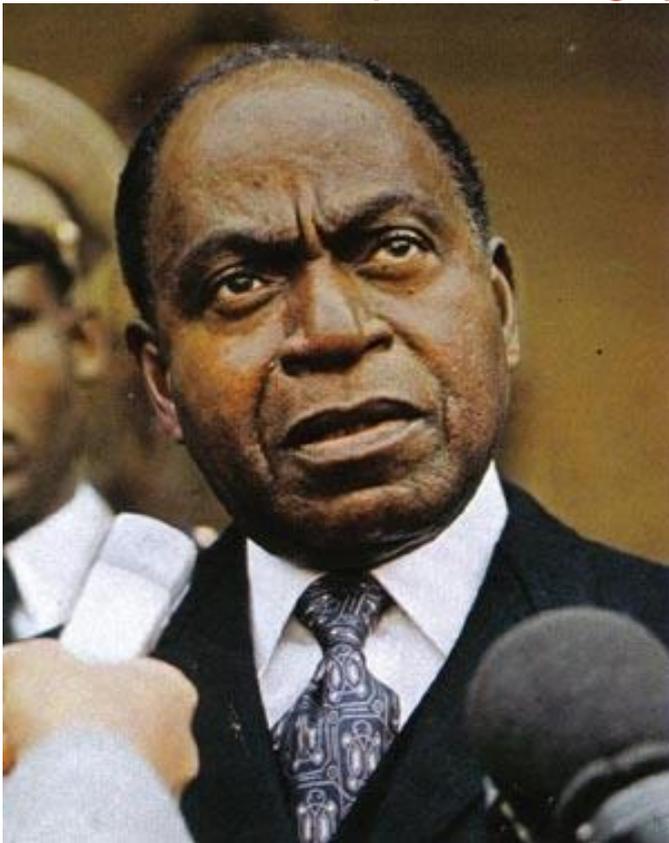
- Marketing boards turn out to have been much less important than whether the currency was more or less convertible, and hugely or only slightly over-valued
 - E.g. the Ivorian over-taking of Ghana as the world's biggest cocoa producer by 1980

**Average Annual Growth Rates of pc GNP of the 11 most
Populous Countries in mainland tropical Africa, 1965-88
(%, constant prices) (World Bank data)**

	1965-73	1973-80	1980-87
Mozambique	---	---	-8.2
Ethiopia	1.1	0.0	-1.6
Tanzania	2.0	-0.9	1.7
Zaire	0.3	-4.7	-2.5
Uganda	0.7	-6.2	-2.4
Nigeria	5.3	1.2	-4.8
Kenya	4.7	1.3	-0.9
Ghana	1.0	-2.1	-2.0
Sudan	-1.7	3.5	-4.3
Cote d'Ivoire	4.5	1.2	-3.0
Cameroon	-0.4	5.7	4.5
Unweighted means (excl. Mozambique)	1.7	-0.2	-2.5

HOUPHOET'S BET

Felix Houphoet-Boigny



Kwame Nkrumah



Significance of affiliation to a hard currency zone: the CFA/AFA franc

- Most former French colonies remained within the **franc zone** (exceptions: Guinea under Sekou Toure, 1958-84; Mali, esp mid-1960s)
- As a result they maintained a convertible currency (the African franc: CFA/AFA),
- Results: relatively low inflation...
- And more growth: as of 1990, in PPP terms, former French colonies in *tropical* Africa were 31% richer than former British colonies (sample of 26)

So Why the Shift Towards Greater State Intervention, and why was it sustained?

- Rent-seeking? (Bates)
- Politicians' desire to be seen to do more, before and especially after independence
- Intellectual conviction and ideology
 - Conventional economic policy advice at the time
- Nationalism, especially from the more interventionist independent governments
 - As in the case of the option for monetary independence exercised by most former British colonies?

Why was Structural Adjustment Adopted?

- External pressure?
 - Sovereign debt: cause or consequence?
- Response to internal economic crises?
 - An intellectual conversion?
- Response to internal *fiscal* crises?
 - An unintended consequence of spontaneous mass boycotts of official markets?

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1980s: Adoption of 'Structural Adjustment'

- By most African governments, in agreement with IMF & WB
- Meant shift from administrative to market means of resource allocation
 - Floating currencies; privatization
 - Loans from IFIs + overseas governments

Continuity in economic policy & institutions *since* Structural Adjustment

- **The age of economic liberalism continues, mostly**
- More privatizations: interesting political economy question of how these were used
- Issues of inflation in certain countries but, overall, much more fiscal orthodoxy than before (war-torn countries excepted)
- So post-1995 economic growth (in SSA in aggregate) occurred under essentially the same policy regime as the stagnation/decline of the preceding decade

Did Structural Adjustment Work?

Did not seem like it during the first decade ...

- Except in Rawlings' Ghana and Museveni's Uganda
- Just bad luck with world commodity prices? Ndulu et al suggest that the post-1995 boom was made possible by the liberalisation of the mid & late 1980s, i.e. by Structural Adjustment

A polarised debate: helps to disaggregate

- (a) Individual country experiences differed, depending partly on how 'statist' their policies were before adjustment

So Uganda & Ghana had much more to gain than Kenya & especially more than the franc zone countries.

- (b) In judging the effect of any structural change, we need to consider more than one 'cycle', e.g. evaluate it after periods of high as well as low commodity prices
 - Thus 1990 or even 2000 was too soon to form a definitive assessment

Post-Adjustment: the 'globalization' or 'Chinese-led' boom, c.1995-2007+

- Growth at c 5% p.a. (gross) during the 12 years
- Till the crises of 2007: food & fuel, then the beginnings of the international credit crunch
- Growth currently slowed but has continued (overall)

Structural Adjustment & Manufacturing

- Mixed story so far: initial destruction of uncompetitive ISI factories (e.g. Tanzania textiles)
- Some growth since, but overshadowed by primary-export boom, & often unable to compete with cheapness of Chinese imports

Final word on economic liberalization?

- Captured by elites (Chabal)?
- Privatizations as rent-creation
- Yet, overall, patrimonialism and politicization of resource allocation is markedly less than in 1970s-early 1980s, before Structural Adjustment
 - E.g. the decline in the number of police & army road blocks [de facto internal tolls]
 - Remittances as a major alternative to the state for funding

GROWTH OF CAPITALISM UNDER THE CHANGING POST-COLONIAL ECONOMIC REGIMES?

From the politicization of accumulation to pro-market (not pro-business?) policies?

Politicization of opportunities for self-enrichment during statist econ regimes

- The corollary of the growth of state regulation, 1945-1981
- Was the state substituting for a lack of a sufficient African capitalist class? (Kenyatta?)
- Or seeking to prevent the emergence of one? (Nkrumah, Nyerere)

African path of national capitalist development? The 'Kenya Debate'

- Kenya: a neo-colony with a comprador bourgeoisie (Leys 1975)
- Or an independent country led by a government that represented an emerging 'national bourgeoisie' (Leys 1977)?
- Left-wing language that could easily be translated into market economic/rational-choice terms

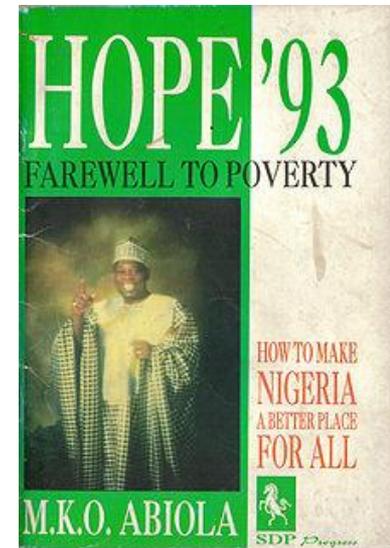
'The Kenya Debate': who was right?

- Good surveys at the time by Beckman and Kitching; retrospect by Leys 1996
- What about the Indians, the 'real' local bourgeoisie? (Himbara)
- My view: history showed the fragility of Kenyatta's elite-building:
 - his death in 1978 was followed by Moi's dismantling and replacement of Kenyatta's clientage network

What about Nigerian capitalism?

- The M. K. Abiola phenomenon
 - 1937-1998 (election annulled 1993)

- Generally: 'The advance of African capital', and the export of ill-gotten gains?



Delivering what is expected of an African Big Man? From a *Facebook* tribute

- “From 1972 until his death Moshood Abiola had been conferred with 197 traditional titles by 68 different communities in Nigeria, in response to the fact that his financial assistance resulted in the construction of 63 secondary schools, 121 mosques and churches, 41 libraries, 21 water projects in 24 states of Nigeria, and was grand patron to 149 societies or associations in Nigeria.”
- Does this sound like capitalism to you?

What has liberalization changed in the opportunities for capitalists?

- Foreign and domestic
- Greater freedom to set prices
- Role of the African diaspora ('our boys in your places'):
 - liberalization of remittances
- Continued (but diminished, in some countries) importance of political contacts
- Pro-market, but not pro-business? Ghana example

Urbanization & emerging Land Scarcity: material conditions for proletarianization?

- Population growth and urbanization
- Transition from land abundance towards land scarcity
- Growing economic logic for individual land ownership (Goldstein & Udry)
- ‘the emergence of the permanent stranger’
- African participation in the current ‘land rush’

CAPITALISM AND APARTHEID

- Apartheid: from booster to brake on the South African economy
- Political economy of the regime's negotiated resignation
- Interaction of economic and political logic
- Key dates include:
 - 1948 National Party victory: beginning of introduction of formal apartheid (how much was really new??)
 - 1961 Sharpeville massacre (& end to period of fastest economic growth and inward investment)
 - 1986 Uitenhage massacre sparked a period of sustained violence in the townships. Run on Rand. Declaration of State of Emergency
 - 1990 Release of Mandela & legalisation of ANC
 - 1994 Handover: one-person one-vote election

SOUTH AFRICA:**THE DECLINE OF THE APARTHEID ECONOMY, 1965-92**

Average annual growth rates

	1965-80	1980-92
GDP	4.0	1.1
Manufacturing	4.7	-0.2
Gross domestic investment	4.0	-4.4

CHANGING ECONOMIC POSITION OF AFRIKANERS

	1938	1974
Afrikaners as % of white-colour workers	28	65

STATE FAILURE?

A Very Rough Political Periodisation

- C1960: Independence of French & British colonies, with formally democratic constitutions
- 1960s-early 1980s: shift towards civilian one-party states (Kenyatta, Houphoet, Banda, Nyerere) and/or a series of military coups (Nigeria, Ghana)
- Late 1980s-2000s mixture of internal & external pressures for effective democracy
 - changes of power via ballot box, e.g. Benin, Zambia, Ghana
- And something of a proliferation of civil wars
 - But still very few secessionist wars or inter-state wars

'Nation-Building' & 'Ethnic Fragmentation'

- The former was proclaimed to be *the* great project of newly-independent governments
 - Turning 'Ileshas into Nigerians' (J. Peel) etc
- 'Ethnic fragmentation' (Easterly & Levine 1997): the other side of state weakness?
- The modernity of ethnicity: ethnic consciousness arguably more important politically today than in 1960, or than in 1880 ...
- What is a 'nation-state', and where and since when do they exist in Africa?
 - What about 'nations' without states?

My View: Most African States Do Work, to Varying Degrees

- States that are powerful in sense of able to command implementation of instructions by officials and even civilians have existed and do exist in SSA
 - tragically illustrated by Rwandan genocide in 1994
- Officials seek revenues, for the state and/or for themselves, almost everywhere, though the forms vary
 - E.g. the ubiquity of road-blocks (barriers) in West Africa in 1970s-early 1980s, before Structural Adjustment
- At least in towns, and in some states also in large swathes of the countryside, governments did & do provide some services
 - e.g. pensions for widows of government employees in N. Ghana (Destombes)
- Albeit, accessing them often involves negotiation, authority being patrimonial more than bureaucratic

Reminder: Long History of Difficulty in Achieving Political Centralisation in SSA

- States have a continuous and ancient history in Africa (Ethiopia the extreme example), but at any given time before colonisation, the majority of Africans lived in small polities or in decentralised societies
- Basic reason: low population density, ease with which people could evade tax-collectors
- Herbst's thesis about role of international treaties in perpetuating state weakness in colonial and post-colonial eras
- Ethiopia, Eritrea and Rwanda: just outliers, or 'exceptions that prove the rule'
 - i.e. with the longest history of statehood, based on an exceptionally large agricultural surplus, Ethiopia ought to be relatively rich today?

CHANGING RESOURCE RATIOS

- More people
- More schools
- More commercially-valuable minerals

TOWARDS INDUSTRIALIZATION AND A GREEN REVOLUTION?

- Both much needed
- Green Revolution? Ecological and political-economy reasons why it has not happened so far
 - Not happened? With a few exceptions: consider cotton and cocoa in West Africa
 - Ecological constraints: high costs of sustainable intensification
 - Mixed record of intensification so far, e.g. Machakos debate
 - Scientific research: too top-down, too focused on yield rather than productivity (Richards and others?)
 - Climate change in C21st: making SSA even more arid
- Industrialization: a more realistic ambition now than in 1950s-60s?

Industrialisation at independence, c.1960

Manufacturing /GDP	
Nigeria	4.5
Ethiopia	6
Belgian Congo	14
Sudan	4.8
Tanganyika	3
Kenya	9.5
Ghana	6.3
Uganda	6.5
Angola	4.3
Cameroun	6
Southern Rhodesia	16
Northern Rhodesia	5.5
Ivory Coast	5.3
Senegal	9.5

Kilby (1975), Table 112. Population, income and manufacturing output in Selected African countries, 1960, p. 470.

Average annual growth of manufacturing output in SSA, 1961-2000

Sub-Saharan Africa	Manufacturing (annual % growth)
1961-1970	8.8
1971-1980	5.1
1981-1990	1.9
1991-2000	1.1

Industrialization: a more realistic ambition now than in the 1960s?

- ISI failure in Africa usually attributed to policy mistakes
- But, while 'late development' has often involved state intervention to shift a country's comparative advantage up the 'value chain' (Japan, South Korea), maybe the gap was too big to overcome anyway for Africa c1960?
- Does the shift in resource endowments make it more realistic?
- What about international competition?
 - The WTO, and China