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Gareth Austin

Number: 6/92

June 1992

Working Paper No. 6/92

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Gareth Austin

Economic History Department,
London School of Economics.

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Gareth Austin
Department of Economic History
London School of Economics
Houghton Street
London WC2A 2AE
United Kingdom

Phone: +44 (0)71 955 7068
Fax: +44 (0)71 955 7730

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SCALE BIAS AND STATE-BUILDING: AN HISTORICAL PERSPECTIVE ON GOVERNMENT INTERVENTION, POLITICAL SYSTEMS AND ECONOMIC PERFORMANCE IN TROPICAL AFRICA[1]

Over the last decade the trend of opinion and political pressure, outside and inside Africa, has been strongly in favour of liberalism as a framework for economic development. In the early 1980s economic liberalism, i.e. belief in the social efficiency of market forces, became increasingly influential, with the publication of the Berg Report (World Bank 1981) and the adoption of Structural Adjustment policies by one African country after another. Since 1989, inspired partly by the democratic revolutions in Eastern Europe and partly by changes within Africa, the tide of internal and external pressure has been running strongly in support of political liberalism in the sense of pluralist democracy. There is today a widespread feeling that while the economic liberalisation was introduced by the prevailing military and one-party governments of the 1980s, political liberalisation is the best guarantee that the economic reforms will last and will be used to their full potential.

This mood contrasts with the previous consensus, again within and without Africa, that the state was necessarily the main force for economic modernisation in "traditional" societies, and that the political stability required for such economic progress could be provided only by some sort of authoritarian government. Indeed, the entire period from the Second World War until the early 1980s, and especially since independence in the respective countries, had been characterised by a growth of government intervention in African economies. Meanwhile, post-colonial democratic constitutions were overthrown by military coups or converted into one-party systems. Until 1991 not one government in mainland tropical Africa had given up power through electoral defeat.

It is necessary to ask whether the growth of belief in the applicability of "western" systems to Africa (and the whole world) is merely an exaggerated reaction against the discredited practices of the recent past in Africa, a reaction perhaps over-encouraged by the present enormous (and infectious) self-confidence of Western societies.[2] This article considers the effects of government interventions and of the nature of political systems on economic performance between South Africa and the Sahara. Specifically, I compared the twelve countries in the region which have populations of ten million or more, though I refer to others where their experiences are particularly pertinent to the discussion. Together, the twelve most populous countries had about 340 million people in mid-1988, which constituted nearly three-quarters of the region's total. The emphasis is on the period since the restoration of independence in most of Africa (1956-63), set in the context of precolonial and colonial experiences.

Table 1
The twelve most populous countries in tropical Africa: population and output

	Population Mean annual (millions) mid-1988	Growth rate (%) 1965-80	GNP per head Dollars 1965-80	Growth rate (%) 1988
Nigeria[3]	110.1	2.5	290	0.9
Ethiopia	47.4	2.7	120	-0.1
Zaire	33.4	2.8	170	-2.1
Tanzania	24.7	3.3	160	-0.5
Sudan	23.8	2.8	480	0.0
Kenya	22.4	3.6	370	1.9
Uganda	16.2	2.9	280	-3.1
Mozambique	14.9	2.5	100	---
Ghana	14.0	2.2	400	-1.6
Cameroon	11.2	2.7	1010	3.7
Cote d'Ivoire	11.2	4.1	770	0.9
Madagascar	10.9	2.5	190	-1.8

Source: World Bank 1990.

The early parts of the paper review the responsiveness of African producers and traders to market signals and discuss their interaction with political power and the interests supported by the state, from precolonial times (especially since 1700) to the outbreak of the Second World War. Then the focus shifts to the subsequent growth of state intervention (to c.1980). I distinguish different kinds of government intervention and examine their contributions to both the failures and achievements of post-colonial economies. A major theme throughout the paper is the continuity and consequences of scale bias in government policy. The final section considers the prospects and possible economic effects of establishing effective democratic control over government actions.

African responsiveness to market forces in the precolonial and colonial periods, to 1939

The traditional view of the economic behaviour of precolonial Africans, and of African peasants[4] up to the present, is that it was and is unresponsive to market signals. In the light of research over the last three decades, most economic historians reject this view. Within the constraint of ensuring food security, African producers (and consumers) showed a very high propensity to use scarce resources in ways consistent with income maximisation. At least, this seems to have been as true there as it is in any society: as elsewhere, local and temporal variations in both situation and culture affected the precise shape of the response curve.[5]

Much evidence has been assembled of general price-responsiveness in precolonial economies. One example is the growth of the trade in kola nuts from the kingdom of Asante (now in Ghana) to the Sokoto Caliphate (centred in the north of what is now Nigeria) after the latter state had been created in a revolutionary Islamic jihad in 1803-7. Kola (which contains caffeine) was the only stimulant permitted in the Caliphate. The increasing prosperity of the new state was expressed in a rising price for kola nuts, which was followed by a growth in the volume of nuts collected in the Asante forests (source of the most favoured nuts) and sold to Hausa traders from Kano and other towns in the Caliphate (Lovejoy 1980).

The institutional framework does not seem to have posed powerful barriers to optimising responses to market signals. Exchange was facilitated by the widespread use of "general-purpose" currencies, as opposed to "special-purpose" currencies which restrict it (e.g. Latham 1971, Hogendorn and Johnson 1986). There was rarely a factor market in land, but this reflected a general availability of land, so that in economic terms it was almost a free good. Where local scarcities developed, rent or even sale evolved (e.g. Wilson 1990). Long-distance trade was stimulated by the institution of the ethnic and/or Muslim "trading diaspora", a "moral community" of traders dispersed along the length of a route within which honest commercial practice could be expected and enforced, and thus credit guaranteed (Cohen 1971; Curtin 1975; Austin [forthcoming]). Conventional social attitudes to self-enrichment varied, but even where they were hostile they were not necessarily a major constraint on economic activity. Bobangi raiders on the Congo River in the nineteenth century seem to have believed the orthodox view in their local culture, that the acquisition of wealth was a zero-sum game in which the only way to succeed was witchcraft. But neither fear of retribution nor any sense of guilt was enough to deter them from the pursuit of profit! (Harms 1981, ch. 11; cf. Gerschenkron 1962, ch. 3).

In much of early colonial Africa the most striking example of not only responsiveness to price signals, but also of entrepreneurship, came from the Africans largely responsible for the "cash-crop revolution". Among the twelve countries with which we are most concerned, this was most successful in Nigeria and the Gold Coast (Ghana), who very rapidly became major agricultural exporters (or in the case of eastern Nigeria, developed further the palm products trade established over the previous century). In northern Nigeria Hausa farmers and merchants defied colonial pressure to produce cotton for export on a large scale, and, at the initiative of and with credit from Hausa merchants, planted groundnuts (peanuts) instead. Exports began in 1912 and reached 12,000 tonnes in their second season, despite a catastrophic drought (Hogendorn 1978). Gold Coast cocoa exports rose from 40 kg. in 1890, became the world's biggest in 1911, and then quadrupled its annual output to over 200,000 tonnes in 1923. The pioneer cocoa farmers were planting an exotic crop, on land which they often had to buy or rent, and on which no return could be expected for several years (Hill 1963). When they switched to cocoa, often it was not from leisure but in search of a more lucrative alternative to existing non-food economic activities such as gold mining or long-distance trading (Austin 1984).[6] This was entrepreneurship: identifying opportunity, assembling the factors of production and taking risks in the course of a long-term investment (Berry 1975). The biggest cash-crop expansions came in West Africa, and there is a traditional argument that East and Southern Africans tended to be less market-oriented than West Africans, perhaps because of less intensive (though at least as ancient) involvement in world trade before the nineteenth century. It is true that precolonial trade evidently was more intensive in the west, but much (or even most: Eltis and Jennings 1988) of this was internal. The other regions of tropical Africa were (even) less densely populated than West Africa, which may well have impeded the growth of demand and labour supply. Where there was a solution, the market response was clear: the Zambezi Valley offered relatively low-cost transport between the coast and producers and markets in the interior, and this was an ancient highway of trade on a large scale. In the colonial period, outside as well as within West Africa, indigenous farmers took opportunities for increasing their incomes where they occurred. Thus in Uganda, a colony relatively free from European appropriations of land, African chiefs and farmers entered vigorously into cash-crop production, albeit here with strong initial colonial encouragement (Ehrlich 1965; Nayenga 1981). In all these cases, farmers were of course only willing to embark on export agriculture as long as it did not imperil their own food security. Cotton often did, by competing with food crops during the planting season (Tosh 1980). For this reason colonial governments often resorted to coercion to induce peasants to grow cotton (notably in parts of French West Africa and Mozambique). Significantly, these cases of coerced cash-cropping produced only a fraction of the output from the cocoa belts of Nigeria and the Gold Coast, where farmers did not even have the pressure of direct taxation to push them into export agriculture. Meanwhile in what is now Zimbabwe (as in South Africa) the market opportunities for Africans lay mainly in producing food crops for sale to the expanding towns. They seized these opportunities, until the interests of white settlers and mining companies moved the state to deny Africans access (except as employees of white farmers) to most of the lands they had used to produce a marketable surplus above their subsistence needs (Arrighi 1970).

If Africans were as likely as anyone else to optimise where they could, we still have to account for the technical simplicity of most precolonial African technology compared to its counterparts in eighteenth-century India, China or Europe.[7] This needs to be seen in the context of the availability of labour in African tropical agriculture. It is widely accepted that, in general, in precolonial times agricultural output in the region was constrained by a shortage of labour rather than land (Hopkins 1973; van Zwanenberg with King 1975, ch.1). This was partly because population densities seem to have been low in relation to the carrying capacity of the land, with the prevailing technology. But it was also because of the relative brevity of the rains, especially in savanna zones (Tosh 1980). Indeed, it may be said that labour scarcity was primarily a wet (planting and weeding) season phenomenon only: the labour force required to do a given amount of planting could not be fully occupied for the whole of the dry season simply in tending that farm. Thus wet season scarcity was combined with potential under-employment in the dry season.

Combined with the evident scarcity of capital, the scarcity of wet season labour accounts for farmers' preference for land-extensive production, manifested in the non-use of the heavy plough (which would require laborious removal of big tree-stumps, an unnecessary task if the plough was not used) and the frequency of land rotation (with long fallow periods if possible) rather than permanent cultivation. In tropical African agriculture, greater intensity usually did not mean greater efficiency. This was doubly true when one considers the fragility of the tropical environment: the thin band of fertile soil could be easily removed by ploughing or permanent cultivation. There were major experiments in more intensive cultivation, for example terracing by hill farmers (who had fled from slave raids) in Nigeria and irrigation systems in arid parts of the Rift Valley of East Africa, but these seem to have been specialised responses to local pressures and were abandoned when the peoples concerned either were able to return to extensive methods or were forced to move because of deterioration of the local environment precisely as a result of their "over-use" of the land and water resources (Hopkins 1973; Sutton 1984; cf. Hogendorn and Scott 1981). So, rather than increasing the capital- or labour-intensity of agriculture (cf. Bray 1986), the main direction of agricultural innovation over the centuries lay elsewhere, in the discovery and diffusion of new varieties of existing crops, and the adoption of exotic crops from Asia and the Americas. Arguably the greatest significance of these extensions to the farmers' crop repertoires lay in the fact that they ameliorated the constraints imposed by the seasonal distribution of rainfall. For example, the drought-resistant properties of cassava (manioc) made it useful as a famine reserve.

Conversely, the low opportunity cost of dry season labour accounts for the fact that outside agriculture, precolonial technology could be highly labour-intensive, for example in gold mining and in the preference for the narrow handloom rather than the broader one (producing larger output per weaver-hour) used in India (Curtin 1973; Johnson 1978). The environment posed constraints on non-agricultural as well as agricultural technology, notably in the form of sleeping sickness (trypanosomiasis), which greatly restricted the areas in which haulage animals could live, thus restricting the scope for using the wheel in transport. Where the environment permitted and market demand became sufficient to justify the capital expenditure, Africans were ready to adopt both the plough and the animal-drawn wheeled cart: this happened in Natal (significantly, south of the tropics) in the mid-nineteenth century (Etherington 1978).

Given the widespread responsiveness to market forces, the basic constraints on the long-term expansion of market exchange within African economies were the scarcities of population (limiting demand as well as labour supply) and capital plus the difficulties of the physical environment. Access to imported industrial technology and capital might assist in transport and certain other sectors, though experience was to show that it had little to offer in agriculture (at least while land was relatively abundant). However, the distribution of coercive power and political authority within Africa, and the use that these resources were put to, also had a crucial influence on the directions in which African economies evolved.

Government and the market in the precolonial and colonial periods (to 1939)

Ultimately, economic development entails specialisation, and thus complex and impersonal exchanges: and government is necessary to regulate these transactions (compare North 1979). However, it has been suggested that "the most distinctively African contribution to human history could be said to have been precisely the civilized art of living fairly peaceably together not in states" (Lonsdale 1981: 139). Moreover, the ethnic trading diaspora was an institution which performed some of the functions which economics literature usually reserves to government (Cohen 1971). This was necessary because state-building was hard in a lightly-populated sub-continent: it was difficult to make the producers provide a surplus capable of supporting the officials needed to enforce the exaction (cf. Hopkins 1986). States did of course emerge, and imposed some degree of control over (often large) parts of the territories of all twelve of the contemporary states on which we are focusing. But they seem to have been poor by comparison with at least some Asian and European states. For example, most had to rely on dry-season mobilisation of farmers for the bulk of their fighting strength. The colonial administrations likewise found difficulty raising taxes in conditions where flight was a much-practised option (Asiwaju 1976), and before 1945 they generally got little subsidy from their superiors in Europe.

Given the relative scarcity of labour, relatively poor rulers tended to use their coercive capacities to obtain labour by force. Precolonial rulers were to some extent obliged by the logic of an arms race in imported weaponry (horses from North Africa, firearms from Europe) to sell slaves to alien merchants, because the price of a slave purchased far more in imports than would his or her output if he or she was retained locally (Fenoaltea 1988). The response of African suppliers to the external demand for slaves was another example of an elastic supply response in African economies, but obviously one which reflected the interests of the political-military and mercantile elites rather than of the population as a whole. Exporting people from economies that were short of labourers and consumers (not to mention particular skills and talents) made no long-term sense for the depleted societies. However, most states that traded slaves to Europeans or Arabs confined their sales to aliens, whom they had captured themselves or bought from "wholesaler" captors in the hinterland. Their own subjects could thus feel at least relatively secure, and could continue provisioning themselves and the court. Moreover, some of the captives (especially females) were added to the retinues of the ruler or his richer and more powerful subjects, increasing their own resources and also the productive and reproductive capacity of the state as a whole (Lovejoy 1983). Thus precolonial rulers (and ruling "classes") tended to resort to coercion of labour to solve their resource problems, notably the scarcity and thus potentially high supply price of labour and the shortage of import-purchasing power.

Colonial governments similarly tended to use coercion to reduce the supply price of labour, for government work or to subsidise white settlers or mining companies. The main methods were direct taxation (paid in cash) and compulsory labour, combined with appropriation of much land in an attempt to deny Africans the option of growing crops for the market as an alternative to selling labour (Arrighi 1970; Kanogo 1987). The attempt had much success, but less so the longer it continued (e.g. Ranger 1985, ch. 2). These methods were of course applied primarily in those colonies dominated by settlers (Kenya, Madagascar, Cote d'Ivoire) and/or by European plantations or mines (Mozambique, Belgian Congo, parts of Cameroon). Compulsory labour was less frequent and direct taxation less widespread in the so-called "peasant colonies", where Africans retained control of the land (Nigeria, the Gold Coast, Uganda, Sudan, and most of Tanganyika).

These uses of coercion worked in favour of large-scale suppliers (producers or traders). The slave trade was made possible by the coercive power of military elites, and the nature of the staple commodity (coming in the large unit of the whole person, and liable to escape or revolt) excluded small-scale businesses from the trade (Hopkins 1973, ch.3). In the colonial period, white settlers achieved domination of agricultural markets in Kenya and Cote d'Ivoire largely through political rather than economic advantages of scale: their ability to win state support rather than higher productivity.

It may be suggested that these government interventions, manipulating scarce labour in support of the politically powerful large suppliers, were at variance with any development strategy based on taking full advantage of the widespread responsiveness to market forces in the economies concerned, and taking full account of the ecological constraints on tropical agriculture in Africa, and the natural (non-coerced) factor ratios in the economies concerned. With the prevailing technologies up to 1939, and indeed largely up to the present, there were few economies of scale in production. Indeed, with labour being relatively scarce (except when coerced), and therefore relatively expensive, large farms based on a hired work force were at a disadvantage (though many smallholders made partial use of hired labour, some to the extent that they are better regarded as small "capitalists" rather than "peasants": Austin 1988). Thus in Cote d'Ivoire after the supply of forced labour was abolished in 1945, European settlers proved unable to withstand the competition of African smallholders in coffee and cocoa production. It is also arguable that a smallholder-based economy offered the best prospects - in strictly economic terms - for the growth of industry. The relatively wide distribution of income favoured the growth of mass markets (outside staple foods), which could stimulate traders and small-scale manufacturing as well as factory production.

The outline of a "smallholder-based path of development" began to emerge in coastal West Africa during the nineteenth century when the gradual decline of slave exports undermined the income and ultimately the coercive power of militaristic chiefs and big merchants (Hopkins 1973, ch. 4; Law 1990). The export agriculture that began then was (as noted above) greatly extended after colonisation. Those areas which emerged as "peasant colonies" were those whose natural endowments were (in some cases with local exceptions) unattractive to European settlers and mining companies, and (partly because of that) were able to develop major export cultures from African farms (or who supplied migrant labour to African export producers). The rise of African export production strengthened the hand of those colonial officials who regarded African peasants as more conducive than European settlers to the achievement of politically tranquil and fiscally balanced colonies (with low costs of coercion and sizeable customs receipts from the imports purchased by cash-crop producers). However, the same colonial political calculations that allowed space (literal and metaphoric) to African cash-cropping also hindered the full achievement of its potential. Colonial governments welcomed exports and revenue, but saw the continuation of the subsistence side of the peasant farmer's production as politically essential. They feared that further commercialisation would produce a class of landless labourers (raising the risk of rebellion). So administrators tried generally to preserve "communal" land tenure and hold back the pressure towards the renting, pledging and selling of land. In this they were largely unsuccessful, but they avoided giving peasants legally unambiguous individual title to land, which might have helped them to get loans from credit cooperatives and banks, rather than relying on informal-sector moneylenders.

Scale bias is not the whole story of the role of precolonial and colonial governments in what we now call "development". It would be anachronistic to criticise precolonial states for not having "development" strategies until the unplanned industrialisation of Western Europe created the political need for such policies elsewhere. But what certain rulers (for instance, in the kingdoms of Asante in what is now Ghana and of Buganda in what is now Uganda) did do in the eighteenth and nineteenth centuries was to strengthen the authority and autonomy of central governments, and reduce the influence of kinship-based provincial chieftaincy. In retrospect, this may be seen as increasing the capacity of the African state to perform the role of market referee. However, this was probably less a "bureaucratic revolution" establishing impersonal administration, than the evolution of "patrimonialism", that is, a system of government based on the personal authority of the ruler so that office is bestowed by the ruler in return for personal service to him.[8] In the nineteenth century, as the threat of colonial invasion increased, the rulers of two unusually wealthy states,[9] Abysinnia (Ethiopia) and the Imerina kingdom (on Madagascar), tried to modernise their economies for military reasons, including by importing technical knowledge and starting to manufacture cannons. The Ethiopians did repulse the Italian invasion in 1896, but Madagascar fell to the French. Meanwhile, a different pattern of technological advance took place in the in the city and emirate of Kano, part of the Sokoto Caliphate. In the nineteenth century Kano was clearly the major centre of cotton textile and other craft production south of the Sahara. Part of the raw materials of raw cotton and dyes came from slave farms (Lovejoy 1978), so this was no case of simple laissez-faire. But it is worth noting that Kano's commercial preeminence was at least reinforced by state encouragement of private enterprise, in the form of low or non-existent taxes on each phase of textile production and trade: something unique in the Caliphate. This encouraged investment, and there was considerable technical innovation, notably a change in dyeing technique which permitted significant economies of scale and thus lower unit costs (Shea 1975).

Colonial administrations everywhere saw themselves as modernisers, but their first priorities had to be securing political control and balancing their local budgets. They were further constrained by political pressure from home and from European companies in Africa militating against any proposals for industrial development in the colonies that might threaten profits and employment back home. Their major contribution was of infrastructure (albeit often using African labour at below free market cost), especially railroads and motor roads (though in the cash-crop areas African farmers often took the initiative to undertake the construction of the latter, and likewise were among the first lorry owners) (Hill 1963). Colonial governments did some scientific research into the technical problems faced by African farmers, but the resulting recommendations were often inappropriate to the farmers' economic and ecological situations, notably by favouring more intensive cultivation, ignoring the relative scarcity of labour (which made it costly) and the relative abundance of land (which made it unnecessary) (e.g. Austin 1984). In food farming even more than with cash crops, the major stream of innovation was the gradual diffusion of new crops and new varieties from farmer to farmer (Hay 1976), often barely visibly to administrators. This process of learning from individual and shared experience has continued vigorously to the present (Richards 1985).

During the war an unheralded revolution in African public finance had begun in British colonies: the use of statutory producer price stabilisation schemes (usually run by government marketing boards) for taxation of export producers. Initially as a wartime expedient, the government took monopoly control over crop exports, fixed the producer price at below free market levels, and kept the difference. Similar systems were subsequently introduced in the other countries, though until 1964 they were relatively unimportant as fiscal tools because (from 1931-2 for certain crops) France gave a price premium to agricultural imports from its colonies and former colonies, which enabled the marketing boards to accumulate surpluses without necessarily pushing the producer price much (if at all) below the world price. Probably only "feudal" Ethiopia had previously matched the levels of agricultural taxation that price stabilisation made available. For a few countries mineral exports were (or became) a major source of public revenue, but the marketing board was crucial in financing the growth of government expenditure during the last two decades of colonial rule and in the first two decades afterwards. The state in tropical Africa was at least a lot less poor than it had been, and had the potential to achieve much more than before in what both colonialists and nationalists now agreed was its prime duty, economic development.

The enlargement of government intervention, from the late 1930s to c.1980

During the war colonial administrations in tropical Africa shared in the worldwide trend towards greater economic interventionism, and afterwards they came under further pressure to spend because of the growing independence movements. As nationalist politicians approached and then achieved power, they both bid up and where possible implemented the spending promises.

African demands for public expenditure came from voters themselves, from politicians competing for votes or military support, and from African businessmen. Many of the latter "expected the Government to be their banker", providing large credits on generous terms (Esseks 1971: 13). Some governments, notably Nigeria in the 1960s (and in the last colonial years, the late 1950s) encouraged with subsidies and tariff protection the development of indigenous private industry, a policy which Schatz termed "nurture capitalism" (Schatz 1977; cf. Adejugbe 1979). On the other hand, radicals such as Nkrumah in Ghana, especially after 1961 (to 1966) and Nyerere in Tanzania, especially after 1967 (to 1985), tended to see government intervention precisely as a non-capitalist route to development, preempting the emergence of a wealthy indigenous business class.

Certainly, governments found that the possibility of exploiting the marketing boards for fiscal purposes was turned from a temptation into an imperative. Colonial administrations began to spend more after 1945, and spent more still in those cases (notably the Gold Coast and Nigeria) where (in the 1950s) nationalists were conceded a share in government prior to independence. To take the case of the largest economy, central government expenditure in Nigeria had been in the £6-7 million sterling range in the 1920s and 1930s, it reached £30m. in the fiscal year 1950-51, and £114m. in the last full fiscal year before independence, 1959-60 (Ekundare 1973).

Of the twelve most populous countries in the region, all but two achieved independence between 1956 and 1963. The exceptions were non-colonial (Mussolini's occupation apart) Ethiopia and the Portuguese colony of Mozambique, which became independent in 1975. Both participated in the general upward trend of government expenditure as a proportion of national output that followed during the 1960s, 1970s and, indeed, the 1980s. It should be noted that this uniformity was the result not only of public demands for development programmes of all kinds, but also of high military spending in both Ethiopia and Mozambique (as well as in some of the others). The trend has not been without deviations, as Table 2 shows. But the general direction is clear. For the ten countries for which we have complete data for 1960, 1980 and 1988, the mean share of General Government Consumption in Gross Domestic Product rose from 10.9% in 1960 to 12.8% in 1980, and in the 1980s (despite the introduction of economic liberalisation policies in some countries) it rose even faster to 16.2% in 1988.

Table 2
Share of general government consumption in gross domestic product

(%)

	1960	1980	1988
Mozambique	11	11	22
Ethiopia	8	15	24
Tanzania	9	13	12
Zaire	18	9	24
Madagascar	20	17	12
Uganda	9	--	8
Nigeria	6	9	12
Kenya	11	20	19
Ghana	10	11	9
Sudan	6	16	9
Cote d'Ivoire	10	18	19
Cameroon	--	9	10

Sources: World Bank 1981, 1989A, 1990.

However, public expenditure is not a reliable proxy for the general degree of government intervention in an economy. It would be ironic to refer to "the over-development of the state"[10] in Africa on the basis of expenditure, since even by 1980 the General Government Consumption/Gross Domestic Product ratios south of the Sahara were much lower than in the OECD countries, which are usually considered to be more market-oriented. Indeed, even within Africa the more regulated economies were not necessarily those with the highest GGC/GDP ratios: in 1980 Kenya's ratio was much higher than Tanzania's, and likewise Cote d'Ivoire's was much higher than Ghana's. Thus government expenditure must not be confused with government regulation of the economy, even though the former is made possible by a degree of the latter.

In trying to explain the performances of tropical African economies from independence to the early 1980s, and in particular the differences among them, there is much evidence that the crucial distinction is in the degree and form of government regulation of economic activity. None of the governments concerned could be described as following laissez-faire policies during the period, so we need a criterion for distinguishing those who went furthest in trying to regulate the market from the others. In all twelve of the economies with which we are concerned the state fixed at least some major agricultural prices, owned at least a large proportion of the large enterprises and imposed a generally increasing body of market regulations. However, nine of them also (for part or most of the period) operated currencies which were not freely convertible internationally, and became substantially over-valued.[11] The three who very largely maintained free convertibility were Kenya, Cote d'Ivoire and Cameroon (the latter two through membership of the franc zone). We will now consider the significance of this distinction in the next section, in relation to the evidence about the economic performance of the twelve countries.

Post-colonial economic growth and "excessive" government intervention

The growth record of post-colonial tropical Africa is widely regarded as poor, both by Africans and outsiders. All the twelve most populous countries in the region still have only small fractions of the average incomes per head enjoyed in the industrialised world. This remains true even given that the standard GNP measure probably undercounts average African incomes.[12] Growth per head over the whole period since independence has been negative or minimal in most of these economies. This section asks in what sense, if any, government intervention was responsible for the poor overall performance. A possible clue is the fact that amidst the general calamities certain economies did achieve considerable growth, at least for much of the period.

Table 3
Average annual growth rates of per capita output

(%; constant prices)

	GDP 1965-73	GDP 1973-80	GDP 1980-87	GNP 1965-88
Mozambique	---	---	-8.2	---
Ethiopia	1.1	0.0	-1.6	-0.1
Tanzania	2.0	-0.9	1.7	-0.5
Zaire	0.3	-4.7	-2.5	-2.1
Madagascar	1.1	-1.5	-3.7	-1.8
Uganda	0.7	-6.2	-2.4	-3.1
Nigeria	5.3	1.2	-4.8	0.9
Kenya	4.7	1.3	-0.9	1.9
Ghana	1.0	-2.1	-2.0	-1.6
Sudan	-1.7	3.5	-4.3	0.0
Cote d'Ivoire	4.5	1.2	-3.0	0.9
Cameroon	-0.4	5.7	4.5	3.7
Unweighted means (excl. Mozambique)	1.7	-0.2	-1.7	-0.1

Source: World Bank 1989B, 1990/author's calculations.

We must first eliminate from the comparison those countries whose relative performance was largely a function of causes other than (and not primarily and directly related to) the scale and form of government intervention. We can then compare the more and the less successful of the remaining countries, and examine whether the differences in performance among them can be attributed to differences in the pattern of government intervention. The most notable "exogenous" influences were natural endowment, external economic conditions, and wars. It is arguable that tropical Africa generally suffers from severe environmental constraints compared to some other regions, and it is clear that tropical Africa as a whole suffered declining net barter terms of trade[13] in the 1980s. However, what is relevant here is only the (major) variations in such respects among the most populous countries. For example, it is clear that changes in the external economic environment (notably in the net barter terms of trade and interest rates) made economic growth more difficult for most countries in the 1980s than it had been in the 1960s and even the 1970s. But they cannot explain the often great differences in the growth record of economies operating in similar external circumstances: such as among the non-oil producing, beverage crop-exporting majority of these economies during the 1970s. A clear example was the contrasting trends in export volumes between two neighbours with similar natural endowments, Ghana and Cote d'Ivoire. Between 1971 and 1980 Ghana's net barter terms of trade rose at an average of 6.9% a year, Cote d'Ivoire's at a more modest 3.0%. Yet Ghana's income terms of trade actually fell, at an annual average of -0.8%, while Cote d'Ivoire's raced ahead at 8.2% (World Bank 1981: 155).

Several of the most populous countries in the region were involved in external or internal wars during the period, and five of them had wars which for several years severely disrupted economic activity over a large part of the country. In terms of the three sub-periods shown in Table 3, this applied to Sudan and Nigeria in the first, Ethiopia and Uganda in the second, and Ethiopia, Uganda and Sudan in the third, while Mozambique was war-torn virtually throughout. That the current economic impact of war was disasterous can reasonably be assumed from the figures for Sudan, Ethiopa and Uganda, by comparing the growth rate during the two war-affected sub-periods which each experienced, with their peaceful one. The huge famines of the 1980s in Mozambique, Sudan and Ethiopia were partly the result of rain failure, but that this led to such high mortality was in large part because they occurred during wars. Without the wars most of the twelve most populous economies would at least have avoided actual decline in their per capita outputs during 1973-88 as a whole. The Nigerian economy was one which grew rapidly during a sub-period (1965-73) during which it had sustained a prolonged civil war (1967-70). This of course was because of increased volume and, with the OPEC price rise of 1973, value of oil output. Besides Nigeria the only major oil-exporter among the twelve most populous countries was Cameroon in the 1980s.[14]

Leaving aside the war-torn economies and the oil exporters, we are left with seven economies. Four achieved only minimal growth: Tanzania, Ghana, Zaire and Madagascar. Three did rather better: Kenya, Cote d'Ivoire and Cameroon (which is part of our comparison only until c.1980). Can this difference in performance between these two groups of economies be explained by differences in the extent and nature of government intervention ?

Success does not seem to be a matter of minimising government expenditure. For example in 1988 the Pearson's correlation coefficient between the GCC/GDP ratio and GNP per head (data from World Bank 1990) for the twelve countries was -0.34, suggesting an inverse relationship, but so weak that is probably spurious. Rather, the crucial distinction seems to be the one made in the previous section. All these governments intervened extensively, notably through state enterprises and marketing boards who effectively taxed farmers, by keeping producer prices well below free market levels. The sharpest difference between the two groups of countries was that the three economies that achieved sustained (albeit, in the long term, slow) growth were the only ones who largely maintained convertible currencies.

This is not likely to be coincidence, for the following reasons. First, paying export producers in over-valued currency constituted implicit taxation, which reduced the real value of the producer price to a small fraction of the world price. Compared to the extensive literature on marketing board surpluses, this point has tended to be under-emphasised. For an example of its importance, consider the smuggling of cocoa across the Ghana-Togo border. At the official exchange rate cocoa producers in Ghana got a higher share of the world price than did their counterparts in neigboring Togo from at least 1975 until the start of the 1983-84 crop year. Yet several thousands tons of Ghanaian cocoa were smuggled to Togo annually until Ghana began its series of devaluations in 1983. It is conceivably not coincidence that the year the Ghanaian currency began to return to more realistic official values, the Togolese authorities at last felt it necessary to pitch their producer price for the new season above Ghana's nominal one (figures from World Bank 1989A: 147, 150). By reducing the incentive to produce for (legal) export, and reducing the purchasing power of the receipts from which future investment could be financed, currency over-valuation does much to explain why, for example, during a decade (1971-80) when they enjoyed rising net barter terms of trade, Ghana and Tanzania produced falling exported volumes, whereas Cote d'Ivoire, Kenya and Cameroon achieved rising ones (World Bank 1981: 155). Second, currency over-valuation reduces international competitiveness. This may be unimportant for tropical Africa's staple exports, whose values are typically determined in the overseas markets rather than in African currencies. But it virtually eliminated any chance of developing manufacturing exports, and increased the dependence of domestic manufacturers on government protection. Finally, a non-convertible currency often came to be simply part of a package of far-reaching price and quantity controls, for example on imports and foodstuffs.

By their nature, all these controls could be enforced only by a host of police, soldiers and civil servants. This was expensive, and an invitation to law-breaking and bribery which almost invariably rendered the rules effective only in ensuring that goods were scarce for those who could not afford to buy them at parallel market prices. Indeed, though usually introduced in the name of those too poor to buy goods on the free market, such control regimes notoriously tended to work as a regressive rationing system, giving the rich and well-connected monopolistic access to those scarce commodities that no trader would sell at the legal rate. The economic weaknesses of such control systems have been much reported, but what has not been given sufficient attention is their consequences for responsible citizenship and civil liberty. The control regimes seemed inevitably to "educate" the population to accept law-breaking as necessary to survival, thus weakening respect for law itself and forcing citizens to choose between hypocrisy and cynicism (a brilliant early evocation of this was Armah 1968). Moreover, large numbers of police and soldiers were employed in stopping cars and, especially, public transport and lorries, in order to check for unauthorised holdings of foreign currency, or inadequately documented trade goods. Such intrusive methods often spilled over into profligate wasting of citizens' time and in some instances led to physical intimidation and even violence against drivers and passengers. Traders and lorry-drivers were deliberately delayed or bullied until they paid bribes. Besides the infringement of civil liberty, such procedures were directly wasteful in economic terms. Simply, large numbers of state employees were engaged in obstructing private citizens as they went about their lives and tried to support themselves. When the officials extorted money, this was an abuse of their authority: but in causing the initial obstruction they were (often) merely implementing the law. Road blocks, like some other state interventions, were and are not confined to the most regulated economies in the region. But by definition, the most regulated economies have the most need for administrative enforcement, and thus tend to produce the most extreme abuses.[15]

The main losers from such infringements were the poor and politically uninfluential. This exemplifies a further point, that as in earlier periods, the central thrust of government interventions in the market since independence has tended to favour the "big man" at the expense of the small producer and trader. Except for Nigeria and Zaire, the most populous states in tropical Africa have relied primarily on their agricultural exports for government revenue. Since these exports were produced mainly by peasants and small capitalists, it has been they who contributed most of the revenue. However, though part of the revenues were used to fund public services for all, direct aid to businesses has generally been concentrated on large enterprises and powerful individuals. For example, in the

1970s in at least three countries substantial land transfers took place under indigenisation (Zaire) or irrigation and mechanisation schemes (savanna areas of Nigeria and Ghana). The intention was to establish big, "progressive" farms, and the beneficiaries were politically well-connected individuals. In the West African cases at least, these enterprises were privately profitable only because of large public subsidies, while the most efficient producers on the newly-irrigated lands in Ghana were peasants illegally squatting on their former lands (MacGaffey 1987; Andrae and Beckman 1985; Konings 1986). As before, political intervention rather than the free market has been the major source of dramatic inequalities between farmers in Africa.

And as before, post-colonial political scale bias has been damaging economically. To some extent it is inevitable and appropriate that government support for manufacturing should assist large enterprises, given the high capital thresholds of many industries. But it was and is also important that African economies exploit their strengths: notably the enterprising characteristics of small-scale African farmers and, indeed, "informal" manufacturers. The latter may lack influence with ministers, but supporting them may well give higher rates of return on access to foreign currency and other resources than support for a handful of local monopolies or near-monopolies (Elkan 1988). The general effect of the growth of state regulation of markets, and - within this framework - of public expenditure, was to channel people's economic rationality and entrepreneurship from the economy into (one might say) the political economy. The main opportunities of self-enrichment came less from economic competition than from access to the twin state resources of revenue and administrative control. Specific examples include both the legal and the illegal: government employment and contracts, the use of government assets (vehicles, buildings, labourers) for private purposes, and bribes "necessary" for the private individual to make progress in a heavily (if, in practice, often arbitrarily) regulated environment (Schatz 1984; Sandbrook 1985; Young and Turner 1985).

Again as in earlier periods, government interventions which (arguably) reduced economic growth were often rational for the holders of office. Market regulations rationing access to scarce resources (such as non-convertible currencies and import licences) enable the authorities to discriminate in the distribution of these assets. This gives them opportunities for both financial gain ("rents", i.e. values created by administratively-imposed restrictions in supply) and political advantage. Politically, many of the civil and military politicians of post-colonial Africa were as quick as some of their counterparts elsewhere to see the potential of selective distribution of government largesse (from clinics to subsidised farm inputs) for recruiting and maintaining the support of constituencies, whether of voters or soldiers (Bates 1981; Joseph 1987; Young and Turner 1985). Thus, as in the slave trading and colonial periods economic growth has been hindered (though with more subtle and less violent means) by a divergence of interests between the holders of political power and the population as a whole.

Also as in previous periods, since independence the major form of popular resistance to adverse government interventions has been what Hirschman called the option of "exit" from organisations failing to satisfy their members (Hirschman 1970). Large numbers of people emigrated, temporarily or permanenently, to economically friendlier states. Even more widespread was the proliferation of parallel markets, in which farmers and traders voted with their commodities against over-valued currencies and official domestic prices. In the 1970s and early 1980s this phenomenon was particularly strong in Tanzania, Uganda, Zaire and Ghana (Hyden 1980; Bunker 1987; MacGaffey 1987; Azarya and Chazan 1987). By definition, these parallel markets sapped government revenues: which made it harder for governments to make positive, active contributions to economic development.

What the state has contributed to economic performance since independence, and possible lessons for the future

However, the record of government in post-colonial development is not all bad. The expenditure and organisation provided by governments must be given much of the credit for the great improvements in health, education and transport that have been achieved in tropical Africa since independence. Between 1960 and 1980 infant mortality rates and average life expectancy greatly improved in the twelve countries, though the trends were reversed in certain countries (in four for infant mortality, in one - Uganda - for life expectancy) in the 1980s, probably largely because of the spread of AIDS. Over the thirty years since 1960 there has been a massive increase in school enrolment at all levels. Thus the physical and educational fitness of the current and future working population has been enhanced. There has also been a general increase in road density, which is perhaps the most basic contribution which (largely) public investment could make to the economic infrastructure.

We should note that the governments which have presided over the biggest quantifiable improvements in health and education, and over the construction of the densest road networks, have mostly not been the "super-interveners" (with the defining feature of non-convertible currencies). Rather, it has been largely the three governments which have applied the least extensive regulations to their markets. On the basic public health indicators used above, all three of them have improved more rapidly since independence than has their neighbouring comparator. For example, in infant survival rate by 1988 Cote d'Ivoire had passed Ghana's infant survival rate, Cameroon had similarly over-taken Zaire, and Kenya had passed and far surpassed Tanzania (in each case the economy which was to be less-regulated had begun with the worse public health figures in 1960) (World Bank 1982, 1990). In school enrolment, of the eleven countries for which data are available for 1980, Cameroon and Kenya had the highest rates for primary school (as they did in 1980, except for a very high rate for Madagascar) (World Bank 1981, 1990). Meanwhile, as of c.1988 Cote d'Ivoire and Cameroon had the lowest ratios of physical area to total length of roads, though Kenya's was less outstanding (calculated from World Bank 1989A). It must be emphasised that, in general, though the governments who have presided over the greatest improvements in these public services have been those least inclined to regulate the market, they have used public expenditure as the main source of investment in each of these sectors. For example, the Kenyan government devoted a higher proportion of its expenditure to education in, for example, 1972 and 1988, than did any of the others for whom figures are available (World Bank 1990). Generally, public services have been improved most not by the absence of government expenditure, but by governments being sufficiently wealthy and focused to channel money to them. This is consistent with the tendency for the share of government spending in national product to be higher in richer countries: an observation which is true within tropical Africa as well as more generally (Lindauer 1988).

Even the less regulation-minded governments in post-colonial tropical Africa have also intervened more directly in production, in both agriculture and manufacturing. In both cases the failures are better known than the successes. In both sectors most public enterprises were economically inefficient vehicles for political patronage. Government agricultural experts tended to repeat colonial errors in failing to organise their research and advice within the context of the ecological and economic constraints facing the farmers (Richards 1985), while input subsidies were largely wasted except in those few countries where real producer prices were allowed to be high enough to motivate the farmers. Meanwhile, all the governments sought some degree of industrial development. In the 1960s and most commonly since, ownership was either public or foreign, because of the high capital threshold, the scarcity of "lumpy" private funds, and the lack of market institutions capable of bulking lots of small investments. These ventures were loaded with difficulties, notably dependence on imports for capital goods and often other inputs, small domestic markets, the self-imposed export barrier of over-valued exchange rates,[16] and the fact that the costs of state protection and subsidy included lower incentives to agricultural export producers, consolidating the foreign exchange shortage. Many factories were destined to operate well below capacity because of shortage of imported inputs even more than of orders (Killick 1978; Rimmer 1984; Nyong'o 1988; Teal 1988).

Yet as Table 4 shows, there was substantial growth in African manufacturing, albeit from a low base (Sender and Smith 1986, ch.4; see also Iliffe 1983, ch.4).

Table 4
Average annual growth rate of manufacturing output, 1965-88

(%)

		1965-73	1973-80	1980-88
Mozambique		---	---	---
Ethiopia		8.8	2.6	3.7
Tanzania		8.7	2.6	-2.5
Zaire		---	-5.7	1.7
Madagascar		---	---	---
Uganda		4.0	-12.4	2.3
Nigeria		15.0	17.2	-2.9
Kenya		12.4	6.9	4.6
Ghana		6.5	-2.8	3.1
Sudan		---	6.7	5.0
Cote d'Ivoire	10.9	8.3	8.2	
Cameroon		7.4	9.0	6.2

Sources: World Bank 1981, 1989B.

In the short run the diversion of tax-payers' and consumers' money into investments in a sector in which tropical Africa was at a major comparative disadvantage, was costly and, in some cases, perhaps counterproductive. Where finished products come from local rather than overseas factories, there has been at least some employment of local labour and materials, and the possibility of tax revenue (for the Ivorian case, see Fieldhouse 1986: 194-9). Foreign firms were obliged to sell substantial equity to either the host state (as in Cote d'Ivoire) or to host country nationals (as in Nigeria), while partnerships with foreign enterprises have often been of genuine benefit to African businesses (Kennedy 1988: 116-19). Some manufacturing projects resulted in genuinely competitive products in local markets (given natural protection, for example beer) or even for export (processed agricultural and wood products).[17] Tropical Africa needs to develop new areas of comparative advantage in international trade, because demand for most of the products in which she is at present competitive is constrained by low income elasticity and/or the availability of substitutes. In this context it is hard to see a future development strategy for the region that does not involve substantial development of manufacturing in those countries or trading blocks with relatively large markets. Whatever its long-term importance, the start that tropical Africa has made in modern manufacturing has been made possible by government intervention. It is fair to assume that without the protection, subsidy and participation of governments the consumer demand created by primary product exports would have been met largely by imports. Indeed, this began before the end of colonial rule, with pressure from some of the European settlers and workers securing government support for industrial ventures in Southern Rhodesia (now Zimbabwe) and Kenya, and in the 1950s with foreign companies establishing factories in colonies that were approaching independence, partly in anticipation of future tariff barriers. Since independence, in manufacturing as with GNP growth, the most successful economies (oil booms apart) have been the three less regulated ones (Table 4). But again, state intervention has always been present. For example, it has been argued that in highly capitalist Kenya the government has intervened actively and effectively to encourage the growth of Kenyan businesses, notably in place of foreign ownership (Leys 1978, especially p. 251: for surveys of the debate see Beckman 1980, Kitching 1985).

All tropical African economies certainly need to maintain and (subject to demand constraints) strengthen their existing areas of comparative advantage, which are most commonly in agriculture. Both by reducing local food prices and by their export earnings (minus tax, explicit and often implicit as noted above), African farmers increase the legal "entitlements" to food of both urban consumers and (given that they are not fully self-sufficient) themselves, thus reducing the incidence of under-nourishment (cf. Sen 1981). Moreover, by reducing imports and producing exports, they provide foreign exchange needed outside agriculture.

A more prosperous smallholder-based agricultural sector would also contribute to the success of the industrial strategy, by providing a larger home market. Assisted by public expenditure on education and infrastructure, the smallholder sector plus the trade and private transport networks that service it may also be more fertile than before as a breeding-ground for small-scale manufacturers. Despite the generally poor record, scientists and farmers can cooperate, and it is fair to assume that government support for such cooperation will be essential where and when (with growing pressure on land) land-extensive agriculture ceases to be feasible, and intensification becomes the only way to sustain and increase output per head. The state may be able to assist small farmers finance intensification by institutional reform such as recognising the existing farmers as the individual owners of the land they cultivate, which should assist them to obtain cheaper credit (especially by giving them access to formal sector lenders) (Harrison 1990). Indeed, by the mid-1960s extensive exercises in the registration of individual title to land had been carried out in Cote d'Ivoire and Kenya, though initial experience in the latter indicates that this was not sufficient to improve the flow of formal sector credit to agriculture (Migot-Adholla and others 1991: 165-6). It should be noted that, contrary to the usual assumption derived from Western experience, free market competition between farmers in tropical Africa will not necessarily lead to a concentration of land ownership.[18]

Thus governments have made some notable contributions to post-colonial economic development, and more will be needed in future: investment in health and education, provision of physical infrastructure, support for the development of new areas of comparative advantage. Potentially the most useful of all may be the role of impersonal referee, both in the traditional market arenas and in conserving the environment (whether through physical controls or by imposing taxes and extending private property rights with the aim of using the price mechanism to "make the polluters pay"). So in some respects more government is needed, not less. This requires revenue: the historic weakness of state-builders in tropical Africa. The final section considers the political dimension of revenue-raising, and whether it will be possible for governments to persuade citizens to part with the income needed for effective government, and whether citizens can find ways to ensure that their money is used in the public interest rather than in the scale-biased ways that have been so damaging to date.

The record and the prospects for democratic control, assertion of smallholders' interests, and for strengthening the state

If the problem of scale bias, and the economic damage it does, results from a lack of control by the majority over their governments, the cure must lie in the achievement of democracy. There is the further consideration that, even with revenue from export agriculture and in some cases minerals, governments in tropical Africa are still too poor to perform to the full two ideal roles of government in economic development: investing heavily in physical infrastructure and the quality of the labour force, and paying its employees enough to be able realistically to require them to implement its function of being an honest, impersonal referee of the market game. Sustainable growth in public revenue must largely await growth in the economy, but there is also a political constraint on revenue-raising which may be alleviated by an extension of democratic accountability. If the people were less cynical about the uses to which public revenues were put, it is possible that they would be more willing to accept (in the long run) an increase in the share of government in GNP.

Post-colonial tropical Africa has very little experience in effective democratic control of governments. It can certainly be observed that military interventions (coups and attempted coups) have been strongly associated with poor economic performance (McGowan and Johnson 1984). Among the most populous countries, the three which have enjoyed relative economic success without oil (Cote d'Ivoire, Kenya, and pre-oil Cameroon) all avoided coups, and had very few coup attempts. But this may mean merely that political stability is both a product of and a reinforcement to economic success, for the most successful economies of the 1960s and 1970s were presided over by essentially one-party governments (the three above, plus Malawi: the only economically-successful country with a relatively open political system was Botswana, whose population numbers less than a million). However, neither formal political stability nor one-party civilian rule has guaranteed economic success, as Tanzania and Zambia demonstrate.

As Bates has noted, one political condition contributing to economic success has been where cash-crop farmers have been an influential lobby within the ruling coalition, as in Cote d'Ivoire and in Kenya during the Kenyatta era (to 1978). In both countries the political influence of export agriculturists helped to save the sector from the imposition of punitive taxation, implicit and overt, as happened in most of the other countries. The question this begs, of what determined the political strength of this economic interest, must be left to another paper. It should be noted that in both cases the cash-crop lobby included a minority of substantial landowners, who were an important source of its power (Bates 1981, 1989) but whom in other contexts might be in conflict with the smallholders, thus weakening the political expression of those interests that they share.

Even with the current wave of liberal reform there are strong reasons to doubt that effective democratic control of government is possible in these primarily agricultural, smallholder-based economies. First, Bates argues that a multitude of small producers are structurally weaker in asserting their political interests than a small number of big players (Bates 1981). This helps to explain why it has been rare for smallholders to act together to oppose heavy taxation (explicit and implicit). Second, one might ask how it is possible to prevent the holders of government office from exploiting the potential for administratively-created "rents" (cf. Krueger 1974). Such behaviour not only creates artificial transactions costs which may burden the whole economy, but is liable to be turned to advantage by the most powerful sectional interests. Third, in such a context small producers are likely to see as their best chance of gaining access to a share of government bounty (subsidised farm inputs, roads, clinics, jobs for family members) to align themselves behind a powerful patron, along with a large section of the other small producers in the state. This is the basic economic rationale for "tribalism", which is no atavism but, on the contrary, a highly up-to-date political vehicle. In sum, it may seem that unchecked economic individualism will most likely lead to a sub-optimal impasse: while an efficient market system requires an impersonal, impartial referee, the logic of free-riding and rent-seeking prevents its achievement, resulting in what for most people is a misallocation of economic resources (cf. Toye 1987: 124).

But there are also reasons for hope. Shared interest may surely be the basis for coalitions to pursue genuinely national rather than necessarily sectional aims. Also, there is an (admittedly fragmentary) tradition of direct, organised popular resistance to arbitrary government in tropical Africa (Kunze 1991), and peasants and small capitalists have been known to unite and mount effective opposition to monopsonists' attempts to impose unfavourable producer prices on them (O'Brien 1979, Austin 1988). And after all, cash-cropping peasants as well as estate-owners were powerful in the agrarian politics of the Kenyatta regime (Leys 1971; Bates 1989: 86-91). Finally, individual economic rationality can co-exist with enlightened self-interest and the demand for and acceptance of a degree of civic responsibility in relation to (in a more than formal sense) the nation. It may not be too fanciful to see in the present agitations for political liberalisation in Africa the strengthening of the political culture of citizenship as opposed to that of subjecthood. If so, there is a chance that in future governments will have a greater tendency than in the past to avoid interventions which favour the rich and powerful while hindering the fulfilment of the economic potential of the population as a whole. On the same speculative ground it may be that populations will be more willing to accept that if national income per head rises substantially, the share allocated to government expenditure should also rise, to facilitate the fulfilment of government's roles in economic development.

NOTES

1. This is a much shorter and significantly revised version of a background paper for the World Bank's *World Development Report 1991*. I would like to thank Roberto Zarga of the World Bank for inviting the original paper, and Ian Phimister of the Department of Economic History, University of Cape Town, for valuable comments. Because of limited space only a minimum of references are given. Readers wanting further references on specific points are asked to write to the author. Below, "African" refers to tropical Africa.

2. There has always been a strong tendency for trends in thought about African development to reflect trends in Western self-confidence as well as changes in Africa itself (O'Brien 1972, Hopkins 1986: 1474-5).

3. Preliminary results from the 1992 census shows this figure to be considerably exaggerated. However, the implications of the downward revision for current estimates of national product (in view of its subsistence component), national product per head and other indicators has yet to be assessed in print for 1991, let alone for earlier years. As it happens, the argument of the paper does not hinge upon whether the Nigerian population is over 110 million or less than 90 million. Accordingly, I have used the old data in this table and below.

4. Here, "peasants" farm at least part-time on land they own or control, rely primarily on the farmowner's own and family labour, produce food for family consumption and (note) also sell produce or labour-time. The "family" may be conjugal or otherwise.

5. The landmark synthesis was Hopkins 1973. For refinements, see Berry 1976, Hopkins 1978, Tosh 1978, Mosley 1983, ch. 3. Perhaps the most influential restatement of a variant of the traditional view is Hyden 1980, which argues that African peasants maintain an "economy of affection" up to the present.

6. This contrasts with the conventional view that the cocoa "take-off" was a "vent" for "surplus productive capacity" (Myint 1964 and others).

7. For a survey of ecological, demographic and cultural explanations of the "backwardness" of precolonial technology, see Austen and Headrick 1983.

8. Contrary to the stimulating argument of Wilks (1966, 1975), for Asante. See Arhin (1986) and Yarak (1990).

9. Both kingdoms were relatively densely populated by the prevailing standards in tropical Africa, and both took advantage of this in extracting surplus from their subjects. The Imerina kingdom applied large-scale coercion to mobilise labour for irrigated rice-growing, transport and manufacturing, by means of slavery and

tribute labour (Berg 1981, Campbell 1988). In Abysinnia the emperors had long succeeded in extracting tribute from all cultivators, in what might in a broad sense be called a feudal mode (Crummey 1980).

10. C. C. Wrigley in a review in African Economic History 2 (1976), p. 45.

11. This should mean above their respective free market equilibrium levels, but for practical purposes of domestic policy it means their world market equilibrium levels. Significant and sustained deviation of the official value of a currency from its world market equilibrium level leads to a parallel market in the national currency. The world market equilibrium level is influenced by imperfections in the markets for different currencies (such as when the value of a country's currency is undermined by a cartel raising the cost of an essential import, or when "dumping" by a competitor reduces the price of its exports). In principle, in such a context the implicit export tax entailed in "over-valuation" might merely offset the windfall gain in terms of domestic purchasing power which accrues to exporters when the national currency is bid down by overseas cartels. But it is not credible that the vast discrepancies that existed in this period between the official and parallel market exchange rates of most of the currencies concerned can be explained away thus.

12. Estimates of domestic purchasing power (ICP) give rather higher figures for average gross product per head of most African countries compared to the USA than do the usual GNP numbers. For example, in 1985 Ethiopian average gross product per head was only 0.7% of the U.S. level when measured by GNP (Atlas method), whereas it was 2.0% in terms of ICP. The same order of difference applied to the substantially less poor Cameroon, whose figures were 4.9% and 9.8% respectively (World Bank 1987). Moreover, even the ICP measure does not correct one major weakness of GNP as a measure of African output, namely that it seems to take insufficient account of subsistence production.

13. Net barter terms of trade: ratio of indicies of unit prices of exports and imports. Income terms of trade: the same, multiplied by index of the volume of exports.

14. Cameroon began producing oil in 1978. Output peaked in 1985 and 1986, and the country temporarily enjoyed higher oil earnings per head than Nigeria.

15. The matters outlined in this paragraph are hard to document systematically, but are well known from the everyday experience of millions. My primary source is personal observation in the late 1970s and 1980s in nineteen SSA countries, several of them with extensive control regimes.

16. In this context, the African franc (CFA/AFA) was also over-valued, in that its exchange rate was (generally, and especially in recent years) boosted by its tie to the French franc. However, this was on a smaller order of magnitude than the

over-valuation of, for example, the Tanzanaian shilling and the Ghanaian cedi in the 1970s and early 1980s.

17. Evidence on changes in competitiveness is difficult to obtain, but for Ivorian industry there is some quantitative evidence of improvement (i.e. of declining unit domestic resource costs of earning or saving foreign exchange). See Riddell 1990: 169-71.

18. Similarly, in East Asia agricultural productivity increased over several centuries without a trend towards larger units of cultivation (Bray 1986): albeit for different reasons than (arguably) apply in tropical Africa. Leys noted that in Kenya "the effect of registration of titles may well have been to make the really small land-holder proof against pressure to sell his land from those able to crush him with the costs of litigation, as used to be common in the traditional courts before the creation of registered titles" (Leys 1971: 319). See, further, Feder and Noronha 1987: 156-57.