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A REVIEW

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HISTORICAL PATTERNS OF ECONOMIC GROWTH IN AFRICA: A REVIEW

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The study of long term growth in Africa has recently been invigorated by the work of economists. To date, this literature has been motivated by explaining a divergence of income and has focussed on finding persistent factors that can explain a chronic failure of growth in Africa. This chapter reviews some periods of economic growth in the past two centuries, and suggest that there must be more to learn from studying these periods of economic change and accumulation, particularly because they were accompanied by significant changes in institutions, or how the economy and the society was organized. The African economic history literature does emphasise dynamism - as opposed to persistence, and diversity in outcomes across time and space - in contrast to the average stagnation that has prompted the economic literature. In sum, there is more to learn from studying the history of economic growth in the African past, than what can be gauged from a search for a root cause of African economic underdevelopment.

Key words: Economic History, Economic Development, Economic Growth, Development Economics, External Trade

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‘*Avanti*, economic historians!’ sounded the call from Patrick Manning to African economic historians in 1987.[1] But instead of surging ahead, the discipline in the following decade arguably went into relative decline.[2] In the past ten years, however, there has been a resurgence of scholarship on the long-term economic development of Africa. This time the impetus has mainly come from economists interested in explaining the historical roots of African development.[3] This chapter seeks to reconnect the work of economists on the continent’s economic development with that of historians. First, I consider what kind of challenge lies in the recent declaration of a ‘new African economic history’, and I revise the somewhat unfortunate divide between ‘old’ and ‘new’ pursuits in the discipline. The main contribution of this chapter is to review some of the main drivers of macroeconomic change over the past two hundred years, revisiting fundamental questions about the impact of the decline of the Atlantic slave trade in the nineteenth century and that of the cash crop revolutions that continued into the twentieth century. Furthermore, I reconsider the debates on whether colonial regimes acted as brakes on growth or were conducive to economic development. In light of these questions on long-term patterns of development in Africa, I analyze the different trajectories of growth and stagnation in postcolonial Africa. Finally, this chapter maps some of the potential paths that current and future scholars of the history of economic development in Africa may take.

BEYOND OLD AND NEW IN AFRICAN ECONOMIC HISTORY

The economic dimension of the African past was a central theme in the development of African history as a discipline, from the appearance of Dike’s seminal monograph in 1956 and through the heyday of African economic history lasting until the end of the 1970s.[4] As mentioned, the economic history of Africa fell into relative neglect during the 1980s. However, both within African historiography and the discipline of economic history, there were many important contributions during the 1980s and 1990s, and particularly research on the history of slavery within Africa was expanded. [5] Important publications in later years include synthesis work by Ralph Austen, Frederick Cooper and Paul Zeleza, as well as John Iliffe's demographic interpretation of Africa's long-term history and his history of poverty in Africa.[6]

The first contribution in African economic history was concentrated on applying concepts of classical and neo-classical economics to the writing of history in Africa, and specifically to analyse prices, demand and supply responses and the allocation of productive resources in colonial and pre-colonial Africa. In short, to study the functioning of markets.This research agenda emphasised markets and rejected the approach of the 'substantivist' school that held that resource allocation was determined by cultural forces rather than economic factors.[7] The market approach was crowned with A.G. Hopkins's synthesis work on the economic history of West Africa.[8] In addition, other scholarship emphasised African agency in explaining economic change in this period, with the work by Poly Hill on the Ghanaian cocoa farmers being of particular importance in this regard.[9]

While the first generation of work on African economic history was dominated by an emphasis on demonstrating economic rationality and agency of African agents, the second generation of literature pointed out the main weakness of these contributions was that they tended to ignore or downplay the importance of the use of coercion and the role of conflict in the development process. This set the stage for left wing and Marxist revisionism.[10] Perhaps the most important target for criticism was the use of dual sector models, such as the model suggested by Lewis,[11] and applied to the study of settler economies, where the European sector characterized by European or 'modern' sector was viewed as intrinsically dynamic as opposed to the stagnant 'traditional' sector.[12] This view was rejected, and research showed that Africans in settler colonies of Africa responded positively to the emergence of markets for grain. Furthermore, it was demonstrated that colonial and settler governments intervened with taxes and land alienation to drive them out of the produce markets and into the market for labour on European-owned farms and mines.[13]

A particularly influential paradigm since the 1980s has been the application of new institutional economics in African economic history. The political scientist Robert Bates was the main innovator, as he applied the principle of rational choice to the political decision making in post-colonial Africa. Specifically, Bates argued that post-colonial states in Africa were dominated by the interests of urban elites, and that they therefore were stuck in the low growth equilibrium where urban interests were catered for at the expense of rural producers.[14] This interpretation became an important justification for scaling back state intervention as was done by the IMF and World Bank sponsored structural adjustment reforms in the 1980s and 1990s.

More recently, the principles of new institutional economics have been applied to long term macro-economic history,[15] and specifically to the debates on the effects of colonization, most notably by Acemoglu, Robinson and Johnson with their two controversial theses: the 'Reversal of Fortune' and the 'Colonial Origins of Comparative Development'. [16] The former argues that the poorest non-European areas of the world 500 years ago are now among the richest and that conversely, the formerly richest areas now are among the poorest, thus the last 500 years of economic development constitute a reversal of fortunes in non-European areas. This 'reversal of fortune' is explained by European colonization. It is argued that in poorer areas, Europeans settled in great numbers and invested in the creation of costly but 'good' institutions.

The second thesis builds on the first, and explains the current comparative development levels in the non-European world using an instrumental variable approach. It is argued that the mortality of European settlers determined the numbers of settlers that the colony attracted. In turn, this determined the quality of the institutions that were set up in the colony. Specifically, the argument distinguishes between colonies where ‘extractive’ institutions were introduced, and those areas where ‘productive’ institutions were established - the latter being the rich ex-colonies today.

During the past decade, and particularly the last five years or so, African economic history has been invigorated by these and other new and innovative studies of Africa’s long-term development. A. G. Hopkins coined the phrase ‘New African Economic History’ as the title of a review article with the purpose of introducing historians to some of this new work done by economists using quantitative methods with the aim of illuminating Africa’s long-run development problems. In particular Hopkins highlighted the ‘reversal of fortune’ thesis as an explanation for current income differentials, and the use of ‘ethno linguistic fractionalization’ measures to capture weak, perverse or dysfunctional institutions in Sub-Saharan Africa. These were suggested as arguments and findings with which historians and economic historians should and could engage.[17]

In response to Hopkins’ declaration of a ‘New African Economic History’, James Fenske produced another review of the literature with a particular and different emphasis. [18] He associated ‘new’ not with the arguments, but with the methods used to investigate the cause and effects of historical economic change, and argued that the scholarly contributions to the discipline will be judged by their methods and not by the ideas they put forward.[19] In a contribution to this debate, Morten Jerven searched for a middle ground, acknowledging that there is considerable scope for conflict when the disciplines of history and economics intersect in the study of the African past, because "'historians' and 'economists' differ in the types of questions they are interested in, how evidence is dealt with, and the role of theory and models – or to put it simply: there are important methodological differences between economists and historians".[20]

A common research agenda must appreciate interdisciplinary methods. This means that there are equally valuable yet different ways of 'coming to know' something about African economic or social change. The most 'robust' way of asserting knowledge regarding phenomena is not always related to the econometric sophistication of the method applied, but must be judged carefully with regard to the quality of the underlying data that is used to generate the results and the nature of the question at hand. Some questions and issues call for generating large cross-country tables or specific micro studies that may tease out quantifiable effects and causes. Other issues are better approached through careful archival work, source criticism and the subjective judgement and interpretation of the researcher.

It is clear that the study of African economic development over the long term has been invigorated by the adoption of a broader approach in the search for, and mobilisation of, quantitative evidence. These big ideas have by and large been put forward by economists using different econometric techniques. Even so, the lack of reliable and consistent data over time is the most fundamental challenge for the practice of African economic history. The paucity of reliable time series data on African economic development complicates the evaluation of the economic importance of key historical events, such as the slave trades and the colonial impact, as compared to 'initial conditions' of geography. In the search for root causes of underdevelopment there has been a tendency to ignore the analysis of divergence in economic performances within

Sub-Saharan Africa, and relatedly, temporal changes in fortunes have tended to be neglected. Institutional change has also been downplayed, in what Austin called a ‘compression of history’.[21]

It is with this background that I proceed to sketch out a history of macro-economic growth. The emphasis here is on bringing together some of the key lessons, findings and questions from the ‘old’ and thus see how these cohere, contradict or shed light on some of the issues raised in the ‘new’ literature. In doing so, I have chosen to focus quite narrowly – and often in very generalized terms – on one particular aspect of Africa’s modern economic history: ‘economic growth’, at the aggregate level. There are other issues of great importance to the study of Africa’s economic history, such as infrastructural development, labour migration, urbanization, demographical change, and, perhaps most importantly, poverty which will be largely ignored here. Moreover the chapter has an emphasis on the external sector which at times comes at the expense of analysing the dynamics in domestic economies. The justification for doing so is that most of the ‘new’ contributions to African economic history have focused on the aggregate, and also overwhelmingly on explaining persistent divergence in GDP per capita. This chapter illustrates that there is more to explain in terms of spatial and temporal variation in GDP per capita over the past 200 years – which in turn opens up questions regarding institutional change and causation between institutions and economic performance over the long-term.

APPROACHING LONG-TERM GROWTH IN AFRICA

Rather than explaining the historical causes of Africa's present-day relative poverty, this chapter focusses on the study of economic change through time, and particularly on patterns of macroeconomic growth over the past two centuries. Taking inspiration from the concept of recurring growth, I investigate periods of per capita income increases in precolonial, colonial, and postcolonial times.[22] The study of economic growth is often supported and aided by the availability of a reliable dataset of gross domestic product (GDP) per capita estimates, which only have been published regularly by national statistical offices in the period since the Second World War. For most other regions of the world, economic historians have provided historical national accounts, but for the majority of African economies, such estimates are not available before about 1950.[23] The Angus Maddison dataset only provides a few single year estimates of GDP per capita for Africa before 1950, which are provided in Table 1. These estimates indicate slow but steady progress, at a rate of 0.3 per cent per annum between 1820 and 1870, 0.6 per cent between 1870 and 1900, and 0.4 per cent between 1900 and 1913, before accelerating to 0.9 per cent between 1913 and 1950.

Table 1: African GDP per capita, 1820-1950.

Year:	1820	1870	1900	1913	1940	1950
GDP per capita	420	500	601	637	813	890

Source: Angus Maddison, *Historical Statistics for the World Economy: 1-2003 AD*. 1990 International Geary-Khamis dollars

This data gives a misleadingly generalized picture of slow and steady growth, particularly because aggregating statistics from the entire continent obscures large regional diversity. Rising per capita figures were driven mostly by the higher per capita incomes in North Africa and in South Africa. Furthermore, the sluggish growth rates seem inconsistent with what is known of economic and political change taking place during this period. The average data may well be within the reasonable range of guesses one could make, but it is of greater interest to see what happened to particular states, societies, and regions. Finally, it is important to emphasise that African economic data are limited both in availability and quality. These growth 'data' are only partially based on firm historical evidence and rely first and foremost on assumptions and projections. Consequently, the study of growth, particularly during the precolonial era, but also during the colonial and to some extent the postcolonial era, must make use of much circumstantial evidence and interpret visible trends in trade, population, and taxation to make conjectures on rates and direction of economic change.

To begin with, it is useful to distinguish between intensive and extensive economic growth. Extensive growth is a simple expansion of production by adding more factors of production, which is essentially observed by historians as more people using more land. It is this process that John Iliffe stresses in his demographic interpretation of Africa's long-term history.[24] The study of growth in the modern period, in contrast, focuses on intensive growth. This refers to the process of getting more for the same, and thus is the type of economic growth associated with technological change. Such changes also increase living standards, which, if properly recorded and measured, could be summarized as increases in GDP per capita.[25]

The most important sources of intensive growth in the pre-modern period were the introduction of new cultigens from Asia and the Americas. Exotic food crops such as cassava, banana, and maize had a considerable impact on productivity throughout much of the continent. Similarly, crops primarily grown for export, such as cocoa and tobacco, could be interpreted as growth arising from the introduction of new technologies and investment. Another important stimulant of economic growth is market integration. When markets integrate, specialization takes place, opportunities for expansion arise, and growth occurs as economies of scale make production more efficient. Moreover, an expanded market may serve to release underutilized factors of production, such as land and labour, generating new production for the market. Growth arising from production for the market goes back many centuries. It should be stressed that not all production in the pre-modern era was orientated towards subsistence: internal markets for agricultural goods, handicrafts, textiles, metals, and currencies were all widespread and important. Moreover, the interaction of markets preceded the slave trade and went beyond Atlantic commerce. Northern and sub-Saharan Africa were linked by the trans-Saharan trade and on the Horn and in eastern and southern Africa, Indian Ocean trade was vibrant. However, until the twentieth century only a small part of the territorial gross product entered external trade.[26]

These positive gains from engagement with external markets have to be weighed against the negative effects. Some were indirect, such as the spread of diseases, while others were direct, most obviously the removal of millions of productive people during the era of slave trades. The spread of cheaper imports, such as textiles and iron, often replaced existing domestic production. The role and effect of coercion in inducing Africans to produce for the world market (instead of producing food for their own use) is equally contested. It will be argued here that increases in production for the market in the late nineteenth and early twentieth centuries was by and large a net benefit for African producers.

The growth perspective adapted here largely ignores and only marginally touches upon concurrent developments in patterns of poverty. Following, Iliffe, Poverty is best approached by understanding it as having two distinct causes. Conjunctural poverty is the hardship resulting from episodic crises following war, climatic reverses, and other disasters. Structural poverty is a long-term phenomenon that derives from social or political factors. According to Iliffe, with the exception of the North and Ethiopia, Africa historically has a much lower incidence of structural poverty. Structural poverty resulting from lack of access to land became prevalent in some parts of the continent during the colonial period. This was in part due to secular trends in population growth, but in Settle economies the discriminatory access to land was more important.[27]With industrialization and urbanization urban poverty appeared. Urbanization was held back in the colonial period, while in independent Africa the cities received more migrants than the labor market could accommodate, resulting in a high urban unemployment, which in turn has increased the incidence of deprivation caused by conjunctural poverty.[28]

A focus on episodes of growth represents an important reorientation from much recent work of economists that has tended to focus on explaining the lack of growth in Africa. As will be illustrated in a study of growth here, these approaches underestimate institutional change, as well as the role of local agency in the process of specialization. The specialization in the slave trade testifies to the power of African elites and states. From their perspective, it was a means of securing returns through exports in lieu of a land tax. During and after the closing of the trans-Atlantic slave market, growth in 'legitimate commerce' did, in some places, occur – often in spite of rather than because of the actions of both pre-colonial and colonial states. Peasant farmers were the leading agents of change in this period. Marketing boards, an institutional innovation by the colonial state, provided the basis for the state to reassert itself and built the foundation for the postcolonial state. When these revenues were undermined by external markets and internal rent-seeking in the 1980s, so-called structural adjustment was implemented and state intervention in markets was limited. The most recent growth episodes since the 1990s have been based predominantly on exports of minerals and other raw materials. The internal revenue base of the state has remained limited and taxation through marketing boards has been curtailed. But as long as external market demand has remained buoyant, economic growth has been sustained.

These recurring episodes of economic growth in Africa between 1800 and the present were rooted in trade and the world economy. Yet growth was only possible due to a reorganization of factors of production, an increase in investment, and technological growth, all of which had significant consequences for political economy. In these episodes of growth, factors of production could be relocated relatively smoothly and producers were able to change patterns of specialization with temporary social costs. However, patterns of boom and bust crucially affected state revenue and thus necessitated the reorientation of the state, a process that often was often slow, costly, and associated with conflict.

FROM SLAVE TRADE TO LEGITIMATE COMMERCE

One of the key questions in African economic history concerns the effect of the slave trade on the continent's social, political, and economic structures. It is quite obvious that the slave trade had a negative impact on demographic growth in many regions, particularly in the short and medium term, and that this may have been on the whole detrimental for polities that were already characterised by a shortage of labour.[29] Exactly how it affected the total population and the evolution of domestic markets has been the subject of much debate.[30] It is generally agreed that

African participants, be it states or networks of merchants, were motivated to engage in the external slave trade because they were able to realize economic gains from these transactions. In West Africa, for example, polities such as Asante, Dahomey, and Oyo grew from small kingdoms to extensive imperial systems, owing in large parts to their participation in the slave trade.

In 1807, Britain made it illegal for its own subjects to trade in slaves, and other nations followed suite by the middle of the century. The ban was actually followed by an intensification of trade in slaves from some parts of Atlantic and eastern Africa to the middle of the nineteenth century, while domestic slavery persisted in many regions into the twentieth century. Whether the closing of the trans-Atlantic slave trade led to a 'crisis of adaptation' as the external trade shifted to 'legitimate commerce' in the middle of the nineteenth century is a highly contested question.[31] The basic reasoning underlying this claim is that the end of profitable slave exports undermined the fiscal capabilities of centralized states, and that the income terms of trade (that is, the price of exports over that of imports) deteriorated as the slave trade ended. The general consensus is that this crisis has been overstated.[32] While the transition to legitimate trade in general constituted an evolutionary, rather than revolutionary, process, there were important regional transformations in political, economic, and social structures. In the Sokoto Caliphate, slavery for domestic production increased after the abolition of the trans-Atlantic slave trade, thus minimizing any 'crisis of adaptation'; in contrast, coastal kingdoms such as Dahomey did see their financial basis undermined.

In West Africa more generally, the coercion of labour contributed to the speed with which the cash-crop economies developed as the region transitioned into legitimate commerce. For example, it has been estimated that for French West Africa as a whole, over 30 per cent of the population were slaves at the turn of the twentieth century. This system of production made economic sense. With abundant land in the region in the nineteenth century, free wages rates would have been too high and thus coercion was an important mechanism of mobilizing labour. Slaves contributed to the labour force in important zones of nineteenth-century legitimate commerce such as groundnut production in Senegambia and palm oil production in southeastern Nigeria, while the use of pawned labour was important in the early twentieth-century expansion of cocoa production in the Akan forest kingdoms of the Gold Coast and the Yoruba region of southwestern Nigeria.[33]

At the beginning of the twentieth century, however, the institution of slavery was also made illegal by European colonial powers, and slaves in large numbers were freed or escaped their masters. This created a short-term downward dip in production of cash crops for the market. Growth did return as production adapted to the use of free labour. Overall, the main trend in the organisation of production was towards the use of free family labour, which was true for both forest and savanna zones, so there was definitely a long-term evolutionary shift towards the use of free labour after the ending of the slave trade in West Africa. However, the crisis of adaptation thesis is probably overstated, mainly because the early literature overlooked the importance of coerced labour within the region during the early phases of the cash crop revolution.

In eastern Africa, the slave trade continued to be important for commercial exchange until the end of the nineteenth century. Here, a similar dynamic can be observed to that in West Africa, with some communities suffering greatly from slave raiding while others benefited as suppliers or operators of slave caravans from the interior to the ports of the Indian Ocean coastline. Those who benefited did so by trading textiles and beads in return for supplying slaves directly or producing food for the caravans. These exchanges allowed for new commodities to circulate in the local economies. On the white settler frontier of southern Africa, commercial farming was implemented by settlers whose labour force was sometimes comprised of slaves, but more often of African workers who had had their own production displaced by the confiscation of their cattle and/or land.

COLONIALISM AND ECONOMIC GROWTH

Beginning in the nineteenth century and continuing into the period of colonial rule, there was an expansion in the production of primary products for exports in many parts of Africa. This could be considered rural capitalism, not necessarily because of its reliance on wage labour -- although that also featured in some regions -- but because it entailed the investment of borrowed or saved capital for expansion in production for the market. New land was bought and cleared, and investments were made in perennial crops. This expansion was characteristic in West Africa in the production of cocoa, but it also occurred simultaneously in other crops, such as coffee, cotton, tobacco, palm products, kola nuts, rubber, and groundnuts, and in other parts of North, South, Central, and East Africa.

A key question in the literature on the cash crop revolution in general has been how to interpret the visible aggregate export data. Increases in export quantities or income terms of trade should not be equated directly with economic growth. The rapid expansion of exports may facilitate growth in the domestic economy, yet it may also displace other production for the domestic market. We have the external trade statistics, but less is known regarding the impact of this trade on local economies.[34] There is consensus, however, that there must have been some economic growth. A lot of this growth was extensive, generated by the application of more factors of production, but there was also intensive growth. There was growth both through specialization and though the entrepreneurial adaptation of new technologies and capital investment in the form of planting of tree crops. However, it has been argued that the economic growth arising from international trade was probably limited because exports were confined to staples while imports were dominated by consumer goods. Furthermore, because the total export proceeds were too small to support the formation of a wide range of enterprises on the continent and because income inequality was high, the growth in traded goods did not allow the formation of mass consumer markets.

Other scholars, however, not only take issue with the assumptions of abundance or scarcity, but would also point to the importance of the political economy of growth. Dependency scholars would point out that growth in exports was fundamentally driven by power and redistribution of returns. Specifically, the colonial state was interested in increasing taxable activities and increasing labour supply, and thus had an incentive to undermine food production and promote export production. It did so by introducing taxes or by alienating land to various degrees across the continent.

The basic methodological tool used to analyse this process is the vent-for-surplus model from classical economics. It assumes that there was a surplus of factors of production, particularly labour and land, and that the world market provided a vent for these factors. Thus, when we see increased export volumes, the opportunity cost is zero. Scholarship has in different ways contested these assumptions and by extension the validity of the model.[35] It has been pointed out that labour was only seasonally abundant and was very scarce in certain periods – particularly in areas outside of the West African forest belt.[36] Furthermore, the production of exports involved both innovation and capital; that is, investment in new technologies, and expansion in production was made possible through labour migration.[37] Most importantly, the opportunity costs of engaging in production for exports were not necessarily zero, as they could have an impact on food quality and security, the division of labour, and on local manufacturing.[38] These, and other empirical contributions, remind us that when we see aggregate modern sector growth it is not equivalent to observing aggregate economic growth.[39]

The observed growth in exports was impressive in some colonies, whereas in other areas colonial efforts to spur production were futile. The rapid expansion of cocoa production in the Gold Coast from the 1890s was fundamentally an entrepreneurial response by African peasants, and this pattern spread to other areas of West Africa's forest zone. The success of the cocoa economy in the Gold Coast appears to have occurred in spite of, rather than because of, the British colonial administration, which, for instance, was reluctant to formalize private land rights. In neighbouring Côte d'Ivoire, cocoa production did not take off until after the terminal phase of colonial rule in the 1950s. This is probably because French settler farmers demanded *corvée* labour from African peasants during colonial rule. Thus, there was not enough wage labour available for land clearing and planting until this labour regime was abolished after the Second World War. The role of the British and French colonial administrations in the cocoa economies of the Gold Coast and Côte d'Ivoire can therefore be seen to have been crucial only with regard to their respective policies governing coercion in labour markets.[40]

In some cases, coercion contributed directly to export production. Most infamously, the boom in rubber exports from the Congo Free State in the 1890s-1900s was built on brute force and was sustained with disastrous consequences for the local population, However, evidence suggests that coercion tended to be both weak and futile, and that the crude violence of the concessionary company regimes of Belgian- and French-ruled equatorial Central Africa in the opening decades of colonial rule were the exceptions to this rule. In savanna regions, both British and French colonial administrations found it very hard to urge smallholders to increase their production of cotton. In Egypt, producers and the state took full advantage of the increased demand for cotton at the end of the nineteenth century, and colonial powers envisaged the same kind of supply from their sub-Saharan possessions. Their efforts to increase production, however, were largely unsuccessful. One contributing factor was competition from local demand for cotton for spinning, but another was the unwillingness of smallholders to increase their food security risk. The planting season of cotton corresponds to the food planting cycle, and thus producers were unwilling to specialize in cotton production.[41]

The distinction between colonies dominated by peasant production on the one hand and those dominated by production by white settlers on the other is important when it comes to interpreting visible export growth in the colonial era. South Africa, the Rhodesias, and Kenya provide the most pronounced examples of settler colonies. Here, settlers faced two basic constraints: firstly, as food producers and cattle rearers, they faced competition from local producers, and secondly, the competing peasants were unwilling to engage fully in wage labour. This was most acutely felt in relation to mining in South Africa and on the Copperbelt in Central Africa. But the same problem arose in those settler colonies where white farmers found it difficult to attract wage labour for employment on commercial farms. In both cases the problem was to attract labour while still preventing it from becoming prohibitively expensive.

In effect this means that observed growth production quantities in these areas came at a cost. The basic logic here is contained in the Lewis model of ‘economic development with unlimited supplies of labour’.[42] In this classical dual economy model, land was assumed to be scarce and so the marginal productivity of labour in the rural sector was zero. Therefore the opportunity cost of modern sector growth, defined as labour moving to the modern industrial sector, was also zero. This sets the wage rate at very close to subsistence. In the settler colonies, however, land however was abundant and peasants found no compelling reason to leave their land for wages that were lower than their marginal output on their own farms. Unable to find solutions to this labour problem, colonial administrations sometimes resorted to coercion. In both peasant and settler colonies, some of this problem was relieved by instituting a head tax. In order to obtain cash to pay taxes, Africans had to engage in wage labour. However, this did not secure a regular supply of labour, as peasants would, if allowed to do so, often be better off earning cash to satisfy the tax demands by their own production. The solution in settler colonies was found in alienating African farmers from their land and reserving land for settlers. In Kenya, growing coffee was legal only for white farmers, while in Nyasaland production of tobacco was also reserved for settlers. Such restrictions made labour available for both capitalist farming and mining. In effect this may have resulted in slower growth equilibrium in the economies where the growth in the export sector came at a high opportunity cost. Furthermore, it artificially put the wage rate at a lower level in these colonies, having the observable effect of higher poverty and lower real wages in settler colonies compared to peasant colonies.[43]

Another key question is whether colonial rule acted as a brake on industrial development in sub-Saharan Africa. African colonies were integrated in the world economy as producers of primary products prior to colonisation, a pattern which continued and was strengthened during colonial rule. There was some industrialisation, which took place mainly to satisfy the domestic market. There was also some industrial growth directly associated with mineral extraction and railways to transport goods for the market. The main settler colonies (South Africa, Algeria, Kenya, Southern Rhodesia, and the Belgian Congo) had a larger consumer market for such goods, and therefore industry was more developed in these places. Furthermore, the presence of white settlers provided an articulated political will to industrialize. Settlers had an economic interest in securing a market for their own output that was not subject to the volatility of the world market, together with a political interest in increasing the autonomy of their respective colonies.

Thus, in colonies with a very marginal settler presence, industrialisation may have been relatively delayed. However, manufacturing was less profitable than primary extraction activities. Protection of local industries from foreign competition proved costly for colonial administrations and expansion placed an additional demand on a limited labour force. And as Kilby’s calculations show, it was only in the 1950s that the domestic market in Nigeria could have supported basic light manufacturing industries across the board. There were, however, some exceptions. The size of the Nigerian domestic economy would have justified a start-up of cement and textile production as early as the 1920s and the 1890s respectively, but these sectors were not in fact started until 1957.[44]

Indeed most of Africa's progress in manufacturing occurred only after the Second World War. Arriving on the heels of the Great Depression of the 1930s, the war gave impetus to local industry because the colonies had to be self-sufficient in consumer goods. As the period of decolonization approached, however, African economies by and large remained dependent on imports of manufactured goods financed by exports of unprocessed primary products. The potential for industrialization was therefore seen as a promising opportunity when African countries became independent. As a result, it was anticipated that as independent states developed, rapid advances in industry would follow and that these would not only be associated with established mining sectors but also extended to basic manufacturing.

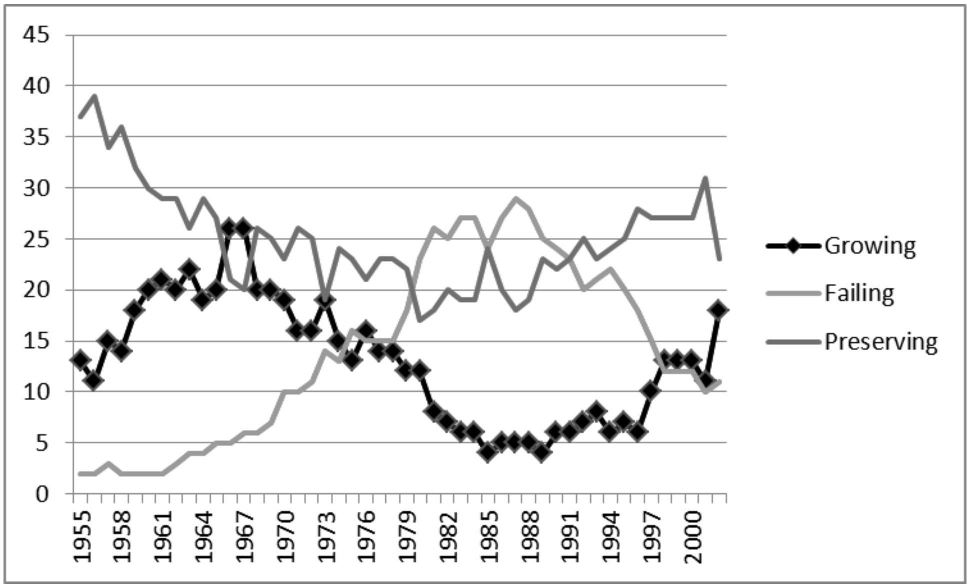
On the eve of African independence, then, there was a large variation in incomes based on different growth patterns during the colonial period. Some economies, such as Sierra Leone and Zambia, were rich from mineral extraction; others such as Belgian Congo had developed a wider industrial base. The Gold Coast (from 1957, Ghana) had a fully specialized agricultural economy, whereas opportunities for expansion were still available and untapped in Côte D'Ivoire. Some territories, such as those of sahelian region of French West and Equatorial Africa from Mali to Chad and down to the Central African Republic, did not have much in the way of either mineral deposits or fertile agricultural land, whereas other poor economies, such as Kenya and Malawi, had their agricultural sector geared towards the needs of a privileged settler minority. This rich variation of economic and political outcomes made for distinct paths of economic development in the postcolonial period.

AFRICAN ECONOMIES SINCE INDEPENDENCE

In the 1980s, most African economies were characterized by stagnation and economic crisis. This period was followed by a convergence in policy orientation in the 1990s, as almost all economies adopted very similar policies contained in IMF- and World Bank-sponsored structural adjustment reforms. Economic growth performance between the late 1970s and the early 1990s was, with very few exceptions, dismal throughout sub-Saharan Africa. Neither OECD countries nor the world economy as a whole was booming during this period, but African economies still performed much worse than most other economies. In response, scholars turned their attention to what was called a chronic failure of growth in Africa, seeking to disentangle the historical character flaws that inhibited economic advance.[45] This ahistorical approach to economic growth in Africa ignores periods of growth, not only in the postcolonial period, but, as has been demonstrated here, also in colonial and pre-colonial Africa.[46] Furthermore, the diversity of country experiences in the postcolonial period has tended to be overlooked in the search for characteristics that can explain the failure of growth across the board.

What general observations can be made about African economic performance between the 1950s and the present day? To obtain an answer I have used the Maddison dataset that contains GDP per capita data for all African economies from 1950 until 2009 in order to search for patterns in periods of sustained growth.[47] Different methods can, and have, been used to identify and define periods of sustained growth or shorter-term accelerations. In this exercise growth is classified as 'sustained' if the nine year moving averages of GDP per capita growth are 3 per cent or higher.[48] Comparatively, this is quite a strict criterion. The average annual GDP per capita growth in the world according to the same dataset over the same period was 2 per cent.[49] Sustained growth failure is defined as occurring when the 9 year moving average of real GDP per capita growth is less than zero percent, which represents an overall and lasting deterioration in income per capita. Those economies which were neither growing nor failing were classified as preserving. Figure 1 provides the summary information.

Figure 1: Growing, Failing and Preserving African Economies, 1950–2006



The interpretation of Figure 1 is straightforward: many African colonies were experiencing high growth towards the end of the colonial period. As territories gained their independence, the prevalence of sustained growth increased further. By 1967-68, half of Africa's economies were in the middle of a decade of sustained rapid growth. This trend of more countries joining a path of growth was reversed by the beginning of the 1970s. Following the second oil shock of 1979-1981, only a handful of countries achieved sustained growth in the 1980s -- most notably Mauritius and Botswana, which are widely recognized as African growth 'miracles'. Less recognized in the literature are Cape Verde, Equatorial Guinea, Lesotho, and the Seychelles, but given their past growth and current relative position in terms of GDP per capita, they do deserve the same kind of attention given to Mauritius and Botswana.[50] Liberia and Chad also experienced a four-year period of sustained growth in the late 1980s. By 1998, a quarter of African economies were again experiencing sustained growth.

It is of course the phenomenon of failed growth that has received far more attention in economic literature on African development. Figure 1 also tracks the occurrence of growth failure in Africa each year between 1955 and 2002. Until the 1980s, sustained growth failure was the exception: between 1950 and 1960 only Benin, Tanzania, and Morocco experienced sustained periods of stagnation and negative growth. In the 1960s, Chad and the Central African Republic were also stagnating. This group of ill-performers (Tanzania and Morocco subsequently improved on their performance) was joined by Senegal, Niger, and Somalia in the late 1960s and the early 1970s. A sudden spike in the list of ill-performers then occurred in the late 1970s. By the 1980s, the failure of growth became the rule rather than the exception. While some economies were failing, however, a number of economies such as Botswana were growing in a modest fashion: adding these economies gives the full picture of the distribution of economic growth in independent Africa. Yet it is evident that the recent African growth episode has been less widely shared than the boom in the earlier period.

Underlying this growth was a notable change in development strategies. In all colonies, agricultural marketing boards were instituted in the interwar and immediate postwar years. In common with similar marketing boards instituted in North America and elsewhere in the aftermath of the depression, these institutions were originally devised to provide seeds and other inputs and to secure stable prices for agricultural goods. Yet they soon became a mechanism by which the late colonial state and its postcolonial successors extracted revenue from peasant farmers and redirected it to attempts at import-substitution industrialization. In tune with the postwar development agenda that emphasised state planning and ‘modernization’ through rapid industrialization, infant industries were protected from external competition and foreign exchange policy sought to secure cheap imports of capital goods and other inputs in industrial production. Some countries, such as Tanzania and Ghana, favoured a more interventionist approach, with the state directly involved in industrial activities. In one manner or another, all of the newly independent countries attempted to facilitate rapid manufacturing growth through some kind of state intervention. The distinction between self-styled ‘capitalist’ and ‘socialist’ economies in Africa masked a consensus on industrial development strategy. Even determinedly capitalist Kenya had five-year plans and tariff protection from imports.

This active role of the state represented a discontinuity from the colonial period. The change in policy meant that increased capital was available in a more conducive environment for manufacturing development. As a result, steps toward self-sufficiency in consumer goods continued. To remove bottlenecks in the existing infrastructure, large-scale improvements in energy provision and transport were undertaken. In some countries, particularly Kenya, Nigeria, Côte d’Ivoire, and South Africa, there was expansion in the production of capital goods. The growth in manufacturing was mainly geared toward domestic demand, and only some countries exported a small share of their manufactured output. The early rapid growth soon turned to stagnation, and it is generally conceded that the industrialization project in sub-Saharan Africa was a failure. The quality of data on manufacturing in Africa is notoriously poor, and aggregation hides important facets of the development story. However, the broad picture that emerges from the aggregate statistics is unambiguous.[51] Rapid growth in industrial output took place in the 1960s, and although it slowed somewhat, growth continued into the 1970s. The 1980s and 1990s is most aptly described as a period of stagnation in industrial production. Many countries experienced sustained de-industrialization in these two decades.

Since the mid-1990s growth has returned to many African economies. Growth is largely stimulated by external demand for exports from African economies, and African economies are more liberalized and open than ever before during the past 5 decades. Some commentators have thought that African economies have now reached a turning point, and that years of policy reform is finally paying off.[52] As has been shown in this investigation of economic growth in Africa over the past two centuries, growth has been recurring. There is ample evidence from both the immediate present and the past that show African economies are capable of economic growth. . Rather than being stuck in low growth equilibrium, African economies are both able to profit from and be vulnerable to changing fortunes in external markets. The most recent growth period is distinguished from the previous growth period in that it is even more dependent on exports and external demand. This gives us some cause for concerns regarding future prospects for growth.

CONCLUSION

The slave trades from Africa enabled economic growth to be captured by some states and elites at the expense of the economic development of the continent as a whole. Slave-trading states and elites were able to internalise revenues that they otherwise would not have been able to capture, with the costs born by surrounding communities. In the long term, the slave trade was not sustainable and increased existing problems of labour scarcity. Yet in the short term, it helped some states to accumulate wealth and to expand. It also provided incentives for market growth, as slave trading caravans carried other commodities for exchange and allowed for imports of currencies that facilitated domestic economic exchange.

While the decline and termination of the slave trade was temporarily detrimental to many of those states and merchant elites who had hitherto benefited from it, in the long run there was a transition to cash crop exports based on family and wage labour. Although there was a problem of adaptation in some regions, the aggregate trends in economic growth were less impaired. In the meantime, slave labour was increasingly used in domestic economies, serving as the foundation for the cash crop revolution at the end of the nineteenth century. In the twentieth century, this explosive growth in agricultural production of goods for exports was made possible by a free labour market. Colonial rule appears to have had only a limited impact on those territories dominated by indigenous peasant agriculture, where the lack of state intervention tended to favour economic growth. In settler colonies, growth was less widely shared as states intervened to the benefit of white producers. The lesson from the transition to cash crops is that growth was rapid and sustained over a long period. Although production was largely taking place in spite of, not because of, the state, it enabled the colonial state and its postcolonial successor to expand its revenue base. According to most indicators, the increase in financial and other resources caused widespread development, also spurring positive institutional change such as the development of markets in land, labour, and credit.

The growth of export crop production in the nineteenth and early twentieth centuries led to considerable improvements in GDP per capita, which were enjoyed, sometimes directly, by the peasant population. Recent research indicates that in both Kenya and Ghana, living standards were increasing during this period, and that in British Africa as a whole real wages also increased in the colonial period.[53] The opportunity to capture rents from this growth in exports was eventually seized by the colonial state through the formation of marketing boards. These revenues facilitated the emergence of what has been called the ‘developmental state’ in the late colonial period, which continued to expanded in the postcolonial era until structural adjustment policies were undertaken in the 1980s. In many cases, such as in Ghana in the 1960s and 1970s states engaged in predatory rent-seeking, setting the producer price for commodities at a small fraction of the world market pricen. Inflation and overvalued currencies contributed strongly to this trend. In some states, such Cote D'Ivoire however, ruling elites did not favour heavy taxation of export crops. Nevertheless, both of these fiscal models ultimately failed, as both were forced to undergo structural adjustment in the 1980s. After some two decades of general stagnation, growth has returned to most African economies since the end of the 1990s. This recent and ongoing upturn indicates that the imperative for those interested in the economic history of modern Africa is now to explain growth, analyze its causes, and understand its political distribution, rather than, as in the past, explain its absence.

The marked decline in the study of African economic history in the 1980s and 1990s corresponded with a pessimism about the prospects for growth in the continent. As a generation of historians focused their attention on other aspects of the continent's past, the responsibility for the study of long-term development in Africa was taken up by economists, motivated mainly by the pressing task of explaining how Africa fell behind relative to other world regions. The past decade has witnessed a renewed interest in African economic history, coinciding with a newly found optimism stemming from the recent upturn in growth in the region. This provides the opportunity to reconnect and revisit themes of economic and political change in Africa.

This chapter has faced a limitation that all similar efforts must face: a severe paucity of data on the period before 1960. We lack basic data on population, commodity yields, and prices, both for consumers and for those supplying factor markets. Without such data, we cannot estimate total factor productivity and thereby secure reliable measures of growth. However, a mix of qualitative accounts and careful use of the data that are available may give substance to the analysis of growth episodes. Thus the datasets are biased in two respects: we know much less about economic change before 1960 than after 1960, and we know much more about exports than about actual production. The use of quantitative approaches means that we may understate the importance of economic change in the precolonial and colonial periods, while emphasising external linkages at the expense of internal dynamics over the whole period.

Despite these periods of growth, however, African economies undeniably make up the majority of the poorest economies in the world. The emphasis on variation and fluctuation in growth rates is not merely making a point about getting the history right, but, as has been argued here, these changes have had a fundamental impact on institutional, social, and political change in the region. The emphasis in the 'new African economic history' has been on the importance of historical legacies for present-day development and institutions. Thus, these historical episodes, revolutions, and evolutions are fundamental to understanding and disentangling the conditions under which African economic performance improved and deteriorated over the past centuries.

SUGGESTED FURTHER READING:

The brevity and format of this chapter has required extreme selectivity in references, and has meant that many important works have been unjustly neglected and not mentioned. This list of works for further reading will contain full reference to the African economic historiography.

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[33] Gareth Austin, 'Cash Crops and Freedom: Export Agriculture and the Decline of Slavery in Colonial West Africa', *International Review of Social History* 54 (2009).

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[44] Peter Kilby, ‘Manufacturing in Colonial Africa’, in Peter Duignan and L. H. Gann, eds., *Colonialism in Africa, 1870–1960. Vol. 4. The Economics of Colonialism* (London: Cambridge University Press, 1975).

[45] See Morten Jerven, 'The Quest for the African Dummy: Explaining African Post-Colonial Economic Performance Revisited', *Journal of International Development* 23, no. 2 (2011), and 'A Clash of Disciplines?'.

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[47] To some extent the findings here can be conditioned by the use of the Maddison dataset as compared to using World Development Indicators or Penn World Tables. Ideally, one should use the primary source -- the official national account files -- but as of yet those are not collected. A study of the quality of postcolonial growth evidence found that most of the errors in the data are eliminated if one averages growth over periods longer than five years, and that there were fewer erroneous growth fluctuations in the Maddison dataset as compared to the Penn World Tables and the World Development Indicators. See Morten Jerven, 'Random Growth in Africa? A Report on the Quality of the Growth Evidence in East-Central Africa, 1965-1995', *Journal of Development Studies* 46, no. 2 (2010).

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