

ECONOMIC ATROPHY IN BLACK AFRICA

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Introduction

A palpable sense of despair, disillusionment, and indignation grips black Africa today. An increasing number of black Africans feel betrayed and outraged at Africa's execrable economic and political record. In 1978, Edem Kodjo, then Secretary-General of the Organization of African Unity (OAU), solemnly lamented before the African Heads of State gathered for an OAU summit "Our ancient continent . . . is now on the brink of disaster, hurtling towards the abyss of confrontation, caught in the grip of violence, sinking into the dark night of bloodshed and death" (quoted in Lamb 1985, p. xi).

Sadly, the situation has not improved. Africa today still teeters on the brink of a calamity, unimaginable in terms of its potential human toll. In 1985 alone more than two million Africans perished from famine, half of them in Ethiopia. Yet, paradoxically, Africa is immensely rich in natural resources. It has the largest reserve of untapped natural resources in the world and leads all other continents in hydro-electric potential.

There are 51 countries in Africa; 41 of them are south of the Sahara and are commonly called sub-Saharan or black Africa.¹ One would be hard-pressed to find a single economic success story in the entire region. Virtually all indices of economic progress have performed miserably since the 1960s, when black Africa gained its independence from colonial rule. In particular:

- Real income per capita has dropped by 14.6 percent for all of black Africa (see Table 1). Unadjusted for inflation, GNP per capita grew by a mere 1.4 percent in the 1960s and 0.5 percent

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¹In this paper primary attention will be focused on black Africa. Although South Africa constitutes part of black Africa, it will be excluded from the discussion.

in the 1970s. The 1980s began with declines in income per capita.

- Black Africa's population has grown at an annual rate of 3 percent, one of the highest in the world; Kenya has a population growth rate of 5 percent, the world's highest.
- Food production has not kept pace with the population explosion. Food production per person fell by 7 percent in the 1960s, 15 percent in the 1970s and has continued to deteriorate in the 1980s.
- Close to 45 percent of black Africa's food is now imported, despite the U.N. Food and Agriculture Organization's (FAO's) assertion that the Congo Basin alone can produce enough food to feed all of black Africa.

This paper investigates why things have gone so wrong in black Africa and proposes an alternative development model. Ever since the famine rudely thrust Africa onto the world's center stage, there has been no shortage of theories to explain black Africa's economic atrophy. The hypotheses range from inadequate aid and lack of capital to the absence of an entrepreneurial class and natural adversities to U.S. imperialism. Unfortunately, many of these theories are uninformed or peripheral and have little to do with Africa's retrogression.

It is not so much that black Africa lacks entrepreneurs or capital, nor is it that international aid agencies were excruciatingly lethargic or failed to do enough in black Africa. More than \$80 billion has been pumped into the region since 1960; Tanzania alone received more than \$3 billion in aid between 1972 and 1981. Rather, the cause of black Africa's cachexia lies elsewhere—in the political leadership. That leadership is a failure even by indigenous African standards, without relying on foreign criteria.

Why Black Africa Failed to Develop

In assessing the development record of a region, three pertinent elements need to be examined: (1) the structure of the development models or the theoretical supports upon which policies were based; (2) the manner in which the policies or the theoretical strictures were applied; and (3) the nature of the political leadership and its development policies.

Much as we would like to divorce economics from politics, the separation is often tenuous at best. Political instability engenders economic instability. The political leadership creates the milieu within which development occurs. The leadership may introduce policies and practices, extrinsic to development models, that inhibit growth.

TABLE 1
REAL GNP PER CAPITA, AVERAGE ANNUAL GROWTH RATES,
1960–81

Country ^a	Growth Rate	Country	Growth Rate
Lesotho	7.0	Zimbabwe	1.0
Nigeria	3.5	Benin	0.6
Kenya	2.9	Central African	
Cameroon	2.8	Republic	0.4
Malawi	2.7	Sierra Leone	0.4
Togoland	2.5	Guinea	0.2
Burundi	2.4	Zambia	0.0
Ivory Coast	2.3	Zaire	-0.1
Tanzania	1.9	Somalia	-0.2
Rwanda	1.7	Sudan	-0.3
Ethiopia	1.4	Senegal	-0.3
Mali	1.3	Madagascar	-0.5
Liberia	1.2	Uganda	-0.6
Burkina Faso ^b	1.1	Ghana	-1.1
People's Republic of		Niger	-1.6
Congo	1.0	Chad	-2.2

^aData were not reported for Angola, Mozambique, and the smaller countries, such as Sao Thome and Cape Verde Islands.

^bFormerly Upper Volta.

SOURCE: World Bank, *World Development Report 1983*, Table 1, p. 148.

Corruption, capital flight, and kleptocracy—government by armed looters—may be such examples.

The Inherent Deficiency and Irrelevance of Orthodox Development Models

Development economics is replete with fundamentalist dogmas—capital, comprehensive planning, import substitution, and external aid fundamentalisms, to name a few (Yotoupoulos and Nugent 1976). These dogmas have helped to plunge the discipline into a state of paralysis, largely self-inflicted by its own profligate theories.² Notable among those few economists who mounted bold challenges to these dogmas was Peter T. Bauer.³ His courageous and indefatigable

²This state of affairs is even conceded by some of the architects of the early development models. See, for example, Lewis (1984) and Hirschman (1980).

³See, for example, Bauer (1967, 1972, 1984). Others worthy of mention are Basil Yamey and Walter Ekan.

efforts continue to offer an incipient ray of hope out of this dark wilderness.

The fundamental deficiency of orthodox development economics has been its inability to come to grips with the environment in which development proceeds. The process does not take place in a vacuum. Politics, cultural practices, social attitudes, and motivations all have as much to do with development as do increases in gross national product (GNP). Bauer (1972, pp. 313, 331) put it more succinctly:

Abilities and attitudes, mores and institutions, cannot generally be quantified in an illuminating fashion. Yet these are major determinants of economic performance and thus of material progress. . . . [Nonetheless] the most influential publications of the consensus literature either ignore altogether people's capacities and motivations and the social institutions and mores which reflect them or greatly underestimate their significance. . . . [Consequently] the neglect of consensus literature of the non-quantifiable factors behind economic performance has lent an air of irrelevance and unreality to much of both theoretical and applied writing in this area.

A discipline that purports to have as its central objective the economic advancement of the people of the less developed countries (LDCs) must recognize two facts. First, peasants constitute the majority in any LDC. In addition, they produce the bulk of its real wealth: foodstuffs, cash crops, minerals, exports, and foreign exchange.

Logically, then, the peasants ought to be at the center of any development model or strategy; securing large surpluses from them is the key to economic prosperity. How these surpluses are produced, whether by "primitive" or "modern" techniques, is immaterial for a destitute and starving LDC.

The second fact that needs recognition is that the environment in which the peasants find themselves to a large extent conditions or determines their economic behavior as well as the size, or the lack thereof, of the surpluses they generate.

This environment is composed of two parts: (1) a traditional environment that delineates the peasants' indigenous value systems, attitudes, and motivations and (2) a national environment created by the government in power. In relative terms, the traditional environment is of greater importance, because illiterate people tend to go more by custom and age-old practices than by national policies they may not understand. The two "environments" often exist in a complementary or antithetical relationship. In general, when the national environment fails to make sense or clashes violently with the traditional, illiterate peasants tend to retreat into their traditional mold:

rural life, self-sufficiency, and subsistence farming (see Ayittey 1986b, 1986c).

Devising a realistic development scheme or model would dictate taking some cognizance of this traditional environment and its inimitable features. For example, it would be highly ill-conceived to devise an agricultural scheme for black Africa that is directed from the capital city, has no role for the tribal chiefs (the caretakers of communally owned land), or envisages the employment of African peasants at a subsistence wage that allows the state or some private individual to reap all the profits. Such a scheme, no matter how well-intentioned, would be doomed in black Africa. In fact, many schemes have failed because they did not fit into the peasants' traditional culture or vocabulary. While African peasants only understood such indigenous esoterica as *abusa*, governments and experts were speaking foreign languages to them. In its 1981 report, the European Economic Community (EEC) stated: "Many development projects failed because they were on too large a scale and were not adapted to the population and environment they were supposed to benefit. . . . The Report cited agricultural complexes in Zaire which were still not viable 10 years after completion. The projects of lasting value are generally those which are simplest and directly benefit the local community concerned" (quoted in *West Africa*, 18 January 1982, p. 188).

In failing to explore or understand the peasants' traditional environment and its lexicon, orthodox development economics denied itself clues to the achievement of its central objective: how to coax large surpluses from the peasants and lift them out of poverty.⁴

The Unfortunate Consequences of Orthodoxy

Orthodox preoccupation with fundamentalist dogmas has helped spawn some rather irrational behavior. A tendency has developed to equate modernism and industrialization with development. Referred to as the "religion of development" (Uphoff and Illichman 1973, p. 13), its impact has been to create a mentality in both LDCs and developed countries (DCs) exhibiting the following features:

- The characteristics of underdevelopment have been misinterpreted as *causes* of economic "backwardness," or the characteristics have been so strongly identified with underdevelopment for development to mean their absence.

⁴Even the habitats and languages of baboons and whales are carefully studied by natural scientists before they attempt to relocate them or improve their welfare.

- Negative imputations are directed at the characteristics as if there is something intrinsically inferior with agriculture, for example, as a means of livelihood.
- That which is “foreign,” “modern,” or “Western” is sanctified and that which is indigenous is castigated.
- There is impatience with the speed of development when “instant” results predicted by orthodox models are either not forthcoming or not coming fast enough.
- There is a general predisposition to look outside rather than inside territorial boundaries for economic salvation, and there is a sense of despair or helplessness when such salvation is not readily available in sufficient quantities.

The “religion of development,” the credo of the elites of the LDCs, manifests itself in several ways. Children are herded into classrooms to improve a few literacy statistics. The economic landscape is dotted with a few spectacular “hot-houses” with little regard to capacity utilization. Whole populations are exhorted to change their attitudes and ways of life and adopt foreign ones. In Africa, civilians queue for long hours in the hot sun to obtain such commodities as imported cube sugar, polished rice, and tinned milk, forgoing the local substitutes of granulated sugar and brown rice and ignoring the fact that most black Africans do not produce lactase, which is needed for the digestion of milk. Foreign exchange is wasted on show projects (sky-scrapers in the middle of nowhere, airlines with half-empty seats, and shipping lines), either as proud symbols of national sovereignty or to prove to the world that an LDC is “developed.” Tractors and other sophisticated agricultural equipment are imported wholesale and given to peasant farmers just to prove that agriculture is being “modernized” or “mechanized.”

The “religion of development” underlies much of the warped sense of priorities that is evident in many parts of the Third World. For example, why would an LDC attach significance to the detonation of a nuclear device or to shiny modern equipment when large segments of its population do not have enough to eat.

Tragically, this religion has implanted a peculiar and rigid notion of development that perverts the development process itself. As Uphoff and Illichman (1973, p. 23) put it: “Orthodoxy drives out innovation; it makes for an unwillingness to form unusual alliances to pursue unorthodox policies or pursue orthodox ones in novel sequences. In promoting development, persons previously judged to be ‘sinners’ need sometimes to be treated as ‘saints’ and vice versa.”

A more alarming consequence of orthodoxy is the accumulating evidence that some of its own prescriptions impede rather than accelerate development—an anomaly that may be called “development misfeasance.”⁵ Substantial evidence exists in black Africa to suggest that some of the region’s current development problems may be iatrogenic or expert-induced. Functional illiteracy, malnutrition, population explosion, and desertification of arable land are notable examples (see Ayittey 1986b, 1986c).

The Nature of the Development Policies Pursued in Black Africa

Although some of the policies adopted to develop black Africa derived their support from modern development theories, most were shaped by the idiosyncracies of black African leaders. As Lamb (1985, p. 65) observed: “Perhaps nowhere in the world do individual countries mirror the character of their presidents as much as in Africa. What a country is often depends solely on who the president is. A new man takes over and the country may move in an entirely different direction.” Although there were differences among individuals, the policies that black African leaders adopted exhibited a remarkable degree of similarity.

Misguided Development Policies

Denigration of Africans and their traditions was a common feature of colonialism, and references to Africans as “primitive” and “backward” punctuated scholarly work. To the elites of Africa, westernization offered a way to gain acceptance or equality (Hagen 1962; Lloyd 1964). African elites wore western clothes, spoke western languages, drove western cars, and talked about western art and culture. They believed that in westernizing themselves their disparagement at the hands of the colonialists would ease. This psychological response mechanism is known as “identification with the aggressor” (Hagen 1962). The victim (African elites) had a tendency to mimic the external traits of the aggressor (the colonialists).

After independence, the object of westernization shifted more toward gaining international acceptance and equality for the new nation (Lloyd 1964). Foreign metropolitan symbols were subsequently mimicked. London had double-decker buses; so must Africa. American farmers used tractors and pesticides; so must Africa. In 1963, President Nkrumah of Ghana demanded a bylaw requiring that all advertisements in Accra, the capital city, be illuminated by neon

⁵The phraseology is intended to suggest that the pursuit of orthodox policies to promote development may create new situations inimical to further development (Ayittey 1981).

lighting so that the main streets of the city would resemble Piccadilly Circus (Werlin 1973, p. 71). When Sir Arthur Lewis pointed out to an African prime minister that he was proposing to spend 50 percent of his entire development budget on his capital city, which had only 5 percent of the population, the prime minister was surprised. "But why not?" he asked. "Surely when you think of England you think of London, when you think of Russia you think of Moscow and when you think of France you think of Paris" (Lewis 1962, p. 75). The most bizarre instance of this "so-too-must-we" syndrome occurred in 1976 when President Bokassa spent 20 percent of the GNP of the Central African Republic (\$20 million) to crown himself "emperor" to prove that, like France, black Africa can produce emperors.

Faith in the religion of development was easily won because African leaders themselves were already predisposed toward or preoccupied with signs of modernism and an unimaginative aping of foreign metropolitan capitals. Of all the black African leaders, perhaps none embraced this peculiar brand of African elitism more than the late Dr. Kwame Nkrumah, the first black African president of Ghana. Nkrumah set the stage for the rest of black Africa; his radical ideas were much admired and emulated in many African countries. Of the 41 black African countries, only 4 (Cameroon, Ivory Coast, Malawi, and Senegal) chose more enlightened market-oriented economic policies.

When Ghana gained its independence on March 6, 1957, Nkrumah (1973, p. 190) declared socialism as his ideology: [My] Convention People's Party is the state and the state is the Party. . . . The Party has always proclaimed socialism as the objective of our social, industrial and economic programs. Socialism, however, will continue to remain a slogan until industrialization is achieved."

His reasons for choosing socialism are scattered in various government documents and in his own writings:

The choice is based on the belief that only a socialist form of society can assure Ghana of a rapid rate of economic progress without destroying that social justice, that freedom and equality, which are a central feature of our traditional way of life [*Seven-Year Development Plan* 1963, p. 1].

Socialist transformation would eradicate completely the colonial structure of our economy [Nkrumah 1973, p. 189].

Under colonial rule, foreign monopoly interest had tied up our whole economy to suit themselves. We had not a single industry. Our economy depended on one cash crop, cocoa. Although our output of cocoa is the largest in the world, there was not a single cocoa processing factory. There was no direct rail link between Accra and Takoradi. There were few hospitals, schools and clinics.

Most of the villages lacked piped water supply. In fact, the nakedness of the land when my government began in 1957 has to have been experienced to be believed [Nkrumah 1973, p. 395].

Nkrumah was haunted by the specter of imperialism and neo-colonialism, which "is only the old colonialism with a facade of African stooges." He believed that only socialism could effectively check their evil machinations.

Nkrumah's socialist transformation of Ghana was to be rapid in order "to achieve in a decade what it took others a century." There was to be a rapid expansion of the state sector and "various state corporations and enterprises were to be established as a means of securing our economic independence and assisting in the national control of the economy" (Nkrumah 1957, pp. 398-99). "Capitalism is too complicated a system for a newly independent state; hence, the need for a socialist society" (Nkrumah 1957, pp. xv-xvi). Nkrumah spurned the efficacy of the market mechanism in inducing the rapid economic development he was determined to achieve. Planning was to be the tool, because "government interference in all matters affecting economic growth in the LDCs is today a universally accepted principle" (Nkrumah 1963, p. 109).

Nkrumah understood the adopted socialist philosophy as increasing the participation of the state in production and distribution, and this philosophy was central to his economic strategy. State participation as a domestic policy was to be pursued toward "the complete ownership of the economy by the state."

A wide variety of instruments was employed to assure state participation and regulation of the economy. Numerous state enterprises were set up and legislative controls were placed on imports, capital transfers, industry, rights and powers of trade unions, prices, wages, interest, and rents. The government's share of gross capital formation rose from 25 percent to over 65 percent (*Economic Survey of Ghana* 1969). There was a massive transfer of investable resources to the state, with the emphasis on industry. Nkrumah (1957, p. 7) noted:

Industry rather than agriculture is the means by which rapid improvement in Africa's living standards is possible. There are, however, imperial specialists and apologists who urge the LDCs to concentrate on agriculture and leave industrialization for some later time when their population shall be well fed. The world's economic development, however, shows that it is only with advance industrialization that it has been possible to raise the nutritional level of the people by raising their levels of income.

The strategy on industrialization was import substitution (I-S) and state ownership. High tariff walls were erected to protect the I-S

industries that were expected to conserve foreign exchange by replacing goods previously imported. Securing a domestic market for the I-S industries and assuring a ready supply of imported inputs was one of the objectives of the import-licensing program.

The peasants, the chiefs, or the indigenous sector generally did not fit into the religion of development nor into the grandiose plans Nkrumah drew up to industrialize Ghana. His *Seven-Year Development Plan* (1963–69), for example, devoted only two paragraphs to the agricultural sector, and the 1965 foreign exchange budget allocated a mere \$2 million to agriculture, compared to \$114 million and \$312 million for manufacturing and imports. Elsewhere in black Africa, Nigeria allocated only 6.5 percent of federal spending to agriculture, and in Benin's current *Ten-Year Development Plan* (1980–90) only 5.8 percent of total planned expenditures is earmarked for agriculture.⁶

When Nkrumah belatedly recognized the immense contribution that agriculture could make to the country's economic development, he took his socialist program of state participation to that sector as well. The indigenous agricultural sector, however, was skirted in a somewhat dysfunctional perspicacity of the logistics of local food production. Nkrumah believed that he could not rely on peasant farmers for a rapid agricultural revolution because they were "too slow to adapt or change their practices to modern mechanized scientific methods" (Uphoff 1970, p. 602). Nkrumah saw mechanization and socialization as the quickest way to achieve an agricultural transformation.

The State Farms Corporation, Workers' Brigade, and Young Farmers League were assigned the major task of creating "a complete revolution in agriculture on our continent [and] a total break with primitive methods and organization and with the colonial past" (Nkrumah 1963, p. 27). The State Farms Corporation was to be a model of collective agriculture; the Workers' Brigade was to run settlement farms; mechanization was to be the guiding principle for the Young Farmers; and a Food Marketing Board was created to fix maximum prices for all foodstuffs and to improve the efficiency of the distributive system. After its establishment in 1962, the State Farms Corporation expanded its operations rapidly. By 1964, 51,226 acres were under cultivation; by 1965, 105 farms were being operated

⁶Colonization also contributed to the neglect of agriculture. The colonies were envisaged as purveyors of food and raw materials, and development of agriculture after independence was seen by African leaders as an unacceptable return to the old colonial relationship.

with a labor force of over 30,000 (Wheetham and Currie 1967, p. 174).⁷

The Results of Nkrumah's Socialist Experiment

Nkrumah's socialist experiment and big-push investment strategy were fiascoes. The state enterprises, established to produce formerly imported consumer goods, were hopelessly inefficient. Despite excessively high, effective rates of protection, these enterprises were saddled with chronic excess capacity and attendant high production costs.⁸ In 1968, imported raw materials comprised a weighted average of 74 percent of total inputs (Killick 1978, p. 201), but in many cases the finished products were more expensive than their imported substitutes.⁹ Underutilization was extensive during the 1960s:

The government of Ghana estimated that at the end of 1966 actual manufacturing was only one-fifth of the single-shift capacity of installed plant [*Ghana's Economy and Aid Requirements*, Government Report, 1968].

Of the 20 state manufacturing enterprises in operation in 1964, only 10 were working to half their optimum capacity. In three cases, the actual production was less than 10 percent of full capacity. In one case (the Paper Bag Division of the Paper Conversion Corporation at Takoradi), the rate of utilization was 3.5 percent [Ahmad 1970, p. 116]. In another case (the State Sugar Factory at Asutsuare), a mere 3 percent of capacity was achieved [Killick 1978, p. 224].

As Steel (1972, p. 226) observed: "Existing structure and utilization of manufacturing capacity represents a very costly and inefficient method of gaining foreign exchange and raising national income. Even worse, 24 percent of output was produced at a net loss in foreign exchange, taking into account all foreign exchange costs of capital and domestically produced inputs."¹⁰

At the time of the military coup in 1966, only 3 or 4 of the 64 state enterprises were paying their way (Garlick 1971, p. 141). Unprofitable state enterprises included the State Fishing Corporation, the

⁷On February 6, 1966, Nkrumah's government was overthrown by a military putsch.

⁸Leith (1974) estimated the effective rate of protection at just over 100 percent on groundnut oil and coffee huskling, over 300 percent on records, over 400 percent on radio and TV assembly, over 700 percent on apparel, and over 1,000 percent on shoes and cosmetics.

⁹For example, in industries producing cocoa butter, distillery products, handbags, luggage, and paints (Leith 1974, p. 74).

¹⁰Killick (1978, p. 197) found that between 1966 and 1978, when imported raw materials rose by nearly 50 percent, gross output per manufacturing establishment actually declined in real terms by 9 percent.

State Footwear Corporation, the State Transport Corporation, and the State Housing Corporation. Killick (1978, p. 227) summed up the situation:

State enterprises were unprofitable—absolutely by comparison with public enterprises in other developing countries and by comparison with private enterprise in Ghana—and they were unprofitable despite considerable monopoly powers [and excessive effective rates of protection]. . . . State enterprises, then, failed to fill the entrepreneurial gap, to propel the economy forward and to generate the surpluses which Nkrumah demanded of them.

The results of collectivization in the agricultural sector were abysmally poor. For example, in 1970—despite having many of the Ministry of Agriculture’s professional officers, ready access to capital and technical know-how, favorable allocation of import licenses, and governmental support—State Farms achieved lower yields than their peasant counterparts (0.21 tons per acre versus 0.94) and smaller output per worker (0.59 versus 3.33). In 1964, the State Farm Corporation was cultivating only 3.3 acres per worker, compared to 5.1 acres per peasant farmer (Killick 1978, p. 193). After only three years of operation, the State Farm Corporation had accumulated a net deficit of £17,248,784 by the end of 1965 (Levine 1975, p. 34). The failure of the State Farm Corporation was recognized even in official circles. A Ghana governmental report (the *Abrahams Report* 1965, p. 23) noted, “State Farms . . . have not produced foodstuffs in sufficient quantities to justify their capital and current investment.” In 1965 the World Bank Mission to Ghana concluded that neither the State Farms nor the Workers’ Brigade

had had success in achieving either its aim of significantly improving agricultural production or of attaining financial self-sufficiency. Indications are that workers of both agencies produce little more, if as much, as they and their families consume and that if engaged in traditional agriculture they would produce significantly greater quantities of farm produce at a much lower cost.¹¹

The black African countries that followed closely in Nkrumah’s footsteps were Guinea, Mali, the People’s Republic of Congo, Tanzania, and Zambia. The socialist experiments in agriculture were resounding failures in those countries as well. More recently Angola, Mozambique, Ethiopia, and Guinea-Bissau have taken to Nkrumah’s socialist path.

¹¹Quoted in Killick (1978, p. 194). This may be called “mechanized subsistence agriculture.”

Beginning in the late 1960s, military coups swept across Africa, ousting civilian governments amid charges of corruption and economic mismanagement. To combat the takeovers, the military governments in Ghana, Burkina Faso, Togo, Benin, Nigeria, Zaire, and Uganda oddly sought more, rather than fewer, state controls. None had the sense to realize that state controls breed corruption, inefficiency, and mismanagement. Successive governments after Nkrumah, for example, retained the unwieldy state interventionist machinery he had instituted.¹² Inevitably, the results were greater inefficiency, excess capacity, and economic retrogression. For example:

In 1972, the government took over the African Timber and Plywood Company. Before the take-over, "production was 75 percent of installed capacity but this has fallen to a woeful 13 percent" [*West Africa*, 12 October 1981, p. 2422].

In 1976, the government of Ghana took over R. T. Briscoe, a foreign company. "Before the take-over, the company was producing 241 buses in 1974. After the take-over, production was 12 buses in 1977 and only 6 buses in 1978" [*Graphic*, 18 January 1979].

In 1980, the government of Ghana voted £80 million for the Ghana National Reconstruction Corps, a reconstituted State Farm Organization. At the end of the farming season, only £864,000 was recovered [*Graphic*, 21 July 1981, p. 5].

For 14 months, from November 1978 to January 1980, the State Jute Bag Factory was closed due to a shortage of raw materials. Yet, the 1,000 workers received full pay for the entire period of closure [*Punch*, 14–20 August 1981, p. 4].

The pre-fab factory started by the Russians in 1962 has not produced a single home. Yet, 500 Ghanaian workers and 13 Soviet experts were drawing salaries for a period of 6 years [*Graphic*, 6 December 1978, p. 5].

The continuation of Nkrumah's misguided policies was most marked in the attempts by successive Ghanaian governments to battle inflation. When food shortages appeared in 1963–64 and prices of local foodstuffs began to soar, the Nkrumah government reacted with palpable paranoia, blaming food traders and "their neo-colonial collaborators" and looking for an imperialist conspiracy. The government imposed price controls on the traders instead of looking at production and the government's own inflationary policies.

The basic cause of inflation in Ghana, and elsewhere in black Africa, has been mounting budget deficits and printing more money

¹²The Busia government, 1969–72, made feeble attempts to sell nonviable state enterprises but buckled under pressure from vested interest groups.

to finance them.¹³ Indeed, one Ghana head of state (Acheampong) recognized that "In the battle against inflation, one main weapon must be the control of government expenditure itself. Recourse to the Central Bank to support the Budget and the consequent very high level of monetary expansion in recent years must be halted" (*West Africa*, 15 August 1977, p. 1658).

The governor of the Bank of Ghana also noted that "budget deficits have been the major source of inflation in the past 3 years, 1974-77" (*West Africa*, 19 December 1977, p. 2583). And the 1978/79 *Government Budget Statement* (p. 2) admitted, "Analysis of the changes in the money supply shows that as the size of the budget deficit continued to expand so did Government borrowing from the Bank of Ghana. Furthermore, over the past 5 years, more than 70 percent of every budget deficit has been financed by the Bank of Ghana, resulting in the injection of substantial amounts of new money into the economy."

The currency over-issue itself was fraught with graft and venality. As an article in *West Africa* (14 December 1981, p. 3014) observed: "Top officials of the PNP Administration are alleged to have received £2.7 million (pounds sterling) commission on a £7 billion currency printing contract awarded to British firms." In this environment inflation soared. By December 31, 1981, inflation was running at 116 percent (*Graphic*, 10 December 1982, p. 1). Again, imperialist conspirators and capitalistic traders were blamed by government officials for the inflation. Consequently, stringent price controls were imposed on traders and ruthlessly enforced.

In June 1980, a magistrate, Mr. Kwadwo Asumadu-Amoah, jailed a 43-year-old petty trader, Madam Abena Amponsah, for three years at hard labor for making an illegal profit of \$1.50 on 6 cakes of "Guardian" soap. The same magistrate handed down a three-year term at hard labor to an 18-year-old boy who made an illegal profit of fifty cents on a packet of matches [*Graphic*, 5 June 1980, p. 5].

In January 1982, Air Force personnel destroyed over 400 tables and chairs belonging to traders at Apampam Store in Takoradi Central Market in a bid to enforce price controls [*West Africa*, 1 February 1982, p. 286].

In February 1982, the PNDC Secretary for the Upper Region, Dr. Awdu Tinorgah, ordered a detachment of the Police Striking Force to enforce price controls, following the refusal of traders at the Bolgatanga Market to sell their items at controlled prices [*West Africa*, 26 April 1982, p. 1170].

¹³Ayittey (1981) found that for the period 1957-74, a 10 percent increase in Ghana's money supply raised domestic prices by 9.8 percent.

Markets were burned down and destroyed at Accra, Kumasi, Koforidua, and other cities when traders refused to sell at government-dictated prices. In February 1982, the Tamale Central Market was set ablaze, causing the destruction of large quantities of foodstuffs, drugs, and imported spare parts. Then John Ndeburge, the Northern Regional Secretary, set up a five-member committee of inquiry to investigate the circumstances leading to the incineration of the market [*West Africa*, 8 March 1982, p. 684].

The relatively little food that there was in Ghana was being destroyed. A market survey done by the government-owned newspaper *Graphic* showed that "the market traders in Cape Coast would rather withdraw their goods than bring prices down" (*West Africa*, 25 January 1982, p. 272). The authorities responded by wreaking more destruction "as a warning to traders who had decided to withdraw their wares instead of reducing prices" (*West Africa*, 1 February 1982, p. 286). When that failed to intimidate the market traders, the military government launched house-to-house searches for goods (*West Africa*, 15 February 1982, p. 481).

These policies were continued for the rest of 1982 and 1983. Price Control Tribunals were set up to hand down even more stringent penalties:

The Brong-Ahafo Tribunal imposed a €12,000 fine on Grace Lamiere, a popular baker in Sunyani, for buying a bag of flour *above* the controlled price at Gonnorkrom. . . . The Tribunal had earlier jailed Dora Mensah, also a baker, for 6 months and fined her €5,000 for exchanging cedis on the black market [*Ghanaian Times*, 22 June 1982, p. 8].

An Accra trader, Umaro Shaibu, was jailed 4 years by the Price Control Tribunal in Accra for selling a bottle of "Sprite" for €7 instead of €1.50 [*West Africa*, 28 February 1983, p. 576].

On March 11, 1983, at the Kumasi Central Market, a pregnant woman, Yaa Amponsah, had her 18-month baby flung to the ground and she herself slapped and kicked by a policeman who insisted on paying \$1 instead \$5 for two tubers of yam. At the same market, another pregnant woman was dragged on the ground by soldiers for allegedly selling above the controlled price, causing her to miscarry the next day [*West Africa*, 20 March 1983, p. 487].

For all their faults, the British colonialists seldom perpetrated such heinous atrocities against Ghanaian peasants. Nor do even "backward" tribal chiefs against their peasants. The results of these inanities? Between January 1982 and April 1983, prices of locally produced goods rose by more than 600 percent. The price of a bag of maize, for example, went from €500 in January 1982 to €4,000 in April 1983; and for nine months, bread disappeared completely from the

markets (*West Africa*, 11 July 1983, p. 1597). The government of Ghana could not even feed the food traders it had jailed for allegedly selling or buying above government-fixed prices. Thirty prisoners died in Sunyani prison for lack of food; 39 inmates died at another (*West Africa*, 15 July 1983, p. 1634). For the economy as a whole, "GNP per capita declined from \$483 in 1979 to \$447 in 1981 while by 1983 living standards had fallen steadily to some 16 percent of 1972 levels. The Urban Consumer Price Index (1977 = 100) averaged 363 in 1980, 800 in 1981, 976 in 1982 and by May 1983 was at 2,222.6" (*West Africa*, 19 March 1984, p. 618).

Elsewhere in black Africa, virtually all of the African nations continue to pursue Nkrumah-type statist policies of centralization, state enterprises, and price controls. The results have been economic ruin:

Across Africa, individuals and nations are sliding backward at an unprecedented speed. Experts warn of a coming disaster larger than anything the world has yet seen. . . . "If Burkina Faso is 5 percent worse off in 10 years instead of 15 percent, that would be an accomplishment," says one expert [*Wall Street Journal*, 15 July 1985, p. 1].

Cameroon, Ivory Coast, Malawi, and Senegal adopted free market policies. Only Ivory Coast achieved what may be called "spectacular" growth, but then Ivory Coast and Senegal are the biggest aid receivers on the continent. Senegal alone receives more than \$500 million a year from the IMF, World Bank, and France—almost \$100 per person. "Without that aid Senegal would be considered one of the region's basket cases," said the *Wall Street Journal* (29 July 1985, p. 18). Moreover, according to *West Africa* (10 February 1986, p. 282): "In 1973–1983, Senegal's GNP rose by an average of 2.6 percent from only 1.6 percent in 1965–70. But in 1984, it dropped by 4 percent in real terms to some \$2,400 million. From 1965 to 1983, GNP per capita dropped by an annual average of about 0.4 percent."

One common characteristic of Cameroon, Ivory Coast, Malawi, and Senegal is the autocratic nature of their political systems. Senghor ruled Senegal for 20 years before handing the government over to a hand-picked successor, Diouf. Houphouet-Boigny has ruled Ivory Coast for 26 years. Hastings Banda has ruled Malawi for 22 years. In the January 14, 1984, presidential "elections" in Cameroon, President Biya won by 99.98 percent of the vote; he was the only candidate.

Senegal represents a black African country that failed to develop in spite of free market policies because its political leadership was lax, its state bureaucracy was out of control, and the country exploited its peasants. "Peasants, through their religious leaders, said ONCAD, the state monopoly peanut buying agency in Senegal, distributed

poor seeds, unless bribed, under-weighted crops and generally 'creamed' farmers' profits in its role of intermediary between the farmers and Dakar" (*West Africa*, 1 March 1982, p. 573).

Ivory Coast's "spectacular" growth rests on rather shaky political grounds. Its development is very lopsided, concentrated heavily in urban areas, especially Abidjan. Furthermore, there are so many French nationals and other foreign personnel that Ivorians are increasingly becoming resentful, charging that their indigenous African traditions are in danger of being annihilated under "cultural imperialism."

In Malawi, the Kamuzo Academy and Kamuzo Hospital that President Banda built and named after himself do not employ blacks as teachers and doctors. The staff is drawn mainly from British expatriates. According to this black African President, blacks are not good enough.

Reasons for the Failure of Black African Government Policies

Multiplicity of Economic Objectives and Subordination to Noneconomic Aims

African leaders have too often pursued multiple and ill-defined policy objectives and subordinated economic policy to political aims whenever conflicts arose. Nkrumah's *Seven-Year Development Plan*, for example, had more than 13 objectives, ranging from attaining economic independence and social justice to African unity and "breaking the stranglehold of neo-colonialism." State enterprises are often expected to achieve noneconomic goals and are subject to all kinds of political interferences. Many are over-staffed with political functionaries and cronies:

The [Ghana] State Shipping Line, Black Star Line, had so many redundant staff that 254 employees have been paid since 1981 for simply staying home [*West Africa*, 6 August 1984, p. 1607].

In 1984, 20 percent of Ghana's public sector workforce was declared redundant by the Secretary of Finance [*West Africa*, 27 January 1986, p. 178].

In Zambia, a country with critical shortages [of tires and auto spare parts, for instance] China is busy building a giant new headquarters for the country's only political party [*Wall Street Journal*, 29 July 1985, p. 18].

Administrative Ineptitude

Some of the reasons for the poor performance of Africa's state enterprises and development projects were poor project planning,

lack of feasibility studies, improper siting of industries or projects, poor coordination, and implementation that emanated from defective administrative machineries:

A Yugoslav company, which undertook the feasibility study itself, built a mango-canning plant in Ghana with a capacity exceeding the entire world's trade in mangoes. However, there was no local market for canned mangoes and when the state-owned factory was asked in 1966 to process 7,000 tons of mangoes, it was discovered that the mango supply in the area came from a few trees scattered in the bush [Ayittey 1984].

The State-owned Sugar factory at Komenda in Ghana stood idle for more than a year after completion because it lacked a water supply system [Killick 1978, p. 231].

Togoland built an oil refinery big enough to serve half a dozen West African countries. But Togo doesn't produce any oil. . . . The refinery sits idle under coconut trees. A costly double-decked suspension bridge was built over the Congo River in Zaire. One level is for a railroad that doesn't exist [*Wall Street Journal*, 15 July 1985, p. 1].

The U.S. built 50 crop storage depots in Senegal and placed them in locations the peasants never visited. . . . In Uganda, a railroad expert discovered to his amazement that a repair shop built with foreign aid was seven times as large as the one he ran in Germany. . . . A fifth of Ivory Coast's foreign borrowing went to build two sugar mills that started production just four years ago and now are closed. . . . In Sudan, the Soviets built a milk bottling plant at Babanusa. Babanusa's Baggara tribesmen drink their milk straight from the cow and there aren't any facilities to ship milk out of Babanusa. The 20-year-old plant hasn't produced a single bottle of milk [*Wall Street Journal* 29 July 1985, p. 18].

In Uganda and Angola, some high-rises lack glass panes and running water. In 1975, Canada built a \$2.5 million semi-automated bakery in Dar-es-Salaam, Tanzania, but often there is no flour to make bread. . . . A Soviet-built cement factory at Diamou, Mali, was designed for a capacity of 50,000 tons a year. Beset by regular breakdowns, it produced 5 tons last year [*Time*, 16 January 1984, p. 27].

Lest one be inclined to ascribe these failures to a "lack of administrative skills," note should be taken of an observation made by the World Bank in reference to Ghana's State Farm Corporation: "The most simple calculation of costs and returns would have indicated the lack of viability in many of the Corporation's projects prior to their implementation" (quoted in Killick 1978, p. 230). This observation applies with equal force to many of the development projects launched in black Africa.

Venal Tendencies

African governments are characterized by overspending, wasteful practices, willful extravagance with public funds, and financial irregularities and profligacies. Many projects failed in black Africa because they were riddled with graft and corruption. According to the World Bank's 1983 *World Development Report* (p. 117):

Corruption seriously undermines the effectiveness of government. Over time, corruption tends to corrode popular confidence in public institutions. "Rent-seeking can become an obsessive pre-occupation. Public officials will do nothing without bribes and many people are unproductively employed in securing their favors or buying their silence. Corruption tends to favor those with economic or institutional power. Some corruption is on such a scale that it has major economic consequences; it may stimulate the illegal export of capital or result in large projects being awarded to contractors (often multinational companies) according to the size of their bribes rather than the quality of their performance.

Corruption undermines the efficiency of the civil service, impairing the government's ability to formulate and implement development policies. The import control program, for example, required licenses or official permission before goods could be imported. But in Ghana, corruption wreaked such havoc with the program that, more often than not, "imports were quite out of control" (Killick 1978, p. 269). The government was well aware of the program's failure and established four Commissions of Enquiry, all of which documented many cases of corruption.¹⁴ In particular, the *Ollennu Report* (1966, p. 22) concluded that, besides government institutions, corporations, and enterprises, "import licences were granted, (a) upon contacts made with the Minister of Trade, or (b) upon payment of bribes. Those who had no contacts got nothing; those who had contacts and who had contacts made for them but would not or could not pay the commission [the bribe] had nothing. According to the evidence, the fixed commission is 10 percent of the value of the licence, but was reduced in special cases to 5 percent." The typical commission in Nigeria was also 10 percent. In Senegal, when the state-run company to distribute fertilizer and seed was closed, "auditors discovered that most of the company's \$250 million in bad debts were owed by about half a dozen politically well-connected businessmen" (*Wall Street Journal*, 29 July 1985, p. 18).

¹⁴The Commissions of Enquiry were the Akainyah (October 1963), Abrahams (April 1965), Ollennu (1966), and the Gaisie (September 1975).

Defective Political Leadership

The prosperity or poverty of an LDC often depends on the existence of good or bad government; it is the political leadership that creates the environment within which development proceeds. This environment may be conducive to development by unleashing the creative and productive energies of the majority—the peasants—or it may be so repressive that it stifles local initiative and renders self-sustaining growth difficult to achieve. As Melvyn Krauss (1983, p. 3) remarked, “The fundamental issue facing the LDCs in the 1980s will be that of the proper ‘policy environment’ to further their economic development,” an observation that is ruthlessly true for black Africa.

African political systems exhibit certain peculiarities that inhibit economic development: autocracy/kleptocracy, savage repression of the peasant majority, megalomania, and the religion of development. Of the 41 black African nations, only two (Botswana and Senegal) elect their leaders and permit public participation in government. Since 1957, there have been more than 100 heads of state in black Africa; only four of them (Abasanjo of Nigeria, Ahidjo of Cameroon, Nyerere of Tanzania, and Senghor of Senegal) stepped down voluntarily. (However, Senghor ruled for 20 years, Ahidjo for 22 years, and Nyerere for 24 years.) “The rest, a disgraceful lot, had to be removed by force or assassination, engendering political and economic instability” (Ayittey 1986a, p. 8). Those currently serving long terms (over 15 years) include Banda of Malawi, Houphouet-Boigny of Ivory Coast, Kaunda of Zambia, and President-for-Life Mobutu of Zaire.

African political regimes are characterized by their brutal repression of the peasant majority, the very group of people that produces the bulk of Africa’s foodstuffs.¹⁵ For example:

In Togoland soldiers razed villages, killed livestock and beat peasants to clear them off land earmarked for the extension of a national park [*West Africa*, 5 October 1981, p. 2361].

In 1981, when a group of peasant cocoa farmers in Ghana queued in front of banks to cash their government checks, policemen used canes on them for allegedly being “disorderly in the queue” [*Graphic*, 4 December 1982, p. 1].

At Bantama, a peasant was beaten to death by soldiers for jumping a queue for soap. Then soldiers swooped on a number of people, including girls and women, some with babies on their backs and

¹⁵Black African leaders calling for sanctions against South Africa have themselves instituted more heinous de facto “apartheid” regimes in their own countries against their own people. For parallels between apartheid and tyranny in black Africa, see Ayittey (1985).

bundled them into trucks to be taken away to Tema Harbor to load cocoa [*West Africa*, 31 January 1983, p. 295].

In September 1981, a 43-year old peasant woman, Kporporvie Dada, was beaten to death by Ghanaian Border Guards for taking a gallon of kerosene to a relative in neighboring Togoland [*Graphic*, 23 September 1981, p. 3].

Under the brutal regime of Idi Amin of Uganda, more than 300,000 peasants perished. His successor, Milton Obote, was no better; as many as 100,000 Ugandans were butchered [*Time*, 5 August 1985, p. 35].¹⁶

This is *not* the environment that black Africa inherited from the colonialists. As Bauer (1984, p. 90) puts it:

The British colonial administrations governed firmly but lightly. They did not attempt to control closely the lives and activities of their subjects. Taxation was modest and people enjoyed virtually complete personal freedom, including freedom to choose their own activities, to move around unheeded and dispose their incomes as they wished.

The socialist ideology adopted by many African leaders initially served as a symbol of rebellion against the capitalistic colonial economic system, but it quickly became a convenient device for African leaders to perpetuate their own rules. It was the wrong ideology in the wrong place. The ideology is alien to black African traditions. African peasants are socialistic or communalistic, but they do not participate in their traditional economic activities (farming, fishing, etc.) because their chief orders them to and reaps all the profits. Nor does the chief impose price controls and other economic restrictions. Free markets and free trade have always been part of black African traditions.

The post-colonial socialism practiced in Africa allowed the head of state and his phalanx of kleptocrats to rape and plunder the wealth of the peasants. While preaching socialism, Nkrumah himself was stashing millions of dollars abroad.¹⁷ Nobody came closer to the African definition of socialism than Krobo Edusei, an ex-Minister in the Nkrumah government: "Socialism doesn't mean if you have made a lot of money you can't keep it" (quoted in Fitch and Oppenheimer 1966).

¹⁶Had that many African giraffes or zebras been slaughtered, experts or the world would have moved with lightning swiftness to place them on an endangered species list and instituted all sorts of protective measures for them. But never mind the Bazonga tribesmen living next to the giraffes.

¹⁷Nye (1967, p. 417) put the figure at \$30 million; a Ghana Government Commission (*Apaloo Report* 1967) placed it at £2,322,009.

The popular notion that the LDCs are innocent victims of avaricious colonialists and imperialist exploiters is often patently false. The four richest persons in the world are Third World leaders: the Sultan of Brunei (\$30 billion); President Mobutu of Zaire (\$5 billion); Ferdinand and Imelda Marcos (\$5 to \$10 billion); Mrs. Suharto of Indonesia (\$3 billion), not to mention the late Shah of Iran, Arab sheiks, and Duvalier (Ayittey 1986d).

For orthodox development economics to assume that such wanton looting of the wealth of the Third World by its leaders has no bearing on the pace of development is out of touch with reality. President Mobutu's \$5 billion fortune could pay off his country's entire foreign debt of \$4.4 billion and then some (*West Africa*, 30 November 1981, p. 2881). Lest one regard these peculiarities as indigenously African, Bauer (1984, p. 104) reminds us that "despotism and kleptocracy do not inhere in the nature of African cultures or in the African character; but they are now rife in what was once called British colonial Africa, notably West Africa."

The elites failed and betrayed Africa. They instituted controls to cater to their needs only. When an African government says "Food for the masses at cheaper prices," more often it means "for the elites." As Robinson (1971, p. 43) contended:

The ruling elites use their governing authority to extract wealth from the productive classes and spend it on prestigious status symbols, luxurious living as an imitation of the standards of the richer metropolitan countries. Certainly the grand public buildings, airlines, Rolls Royces [Mercedes Benzes], political patronage and corruption all present formidable obstacles to internal capital formation and productive investment. These barriers are not likely to be removed by supplying missing economic factors of capital, education and entrepreneurship from outside. What incentive does the peasant farmer have to produce more when through taxation the surplus is siphoned off to be spent in conspicuous consumption?

There is a peculiar tendency on the part of black African leaders to select development projects that emphasize grandeur rather than economy. In Ghana, there was a consistent tendency for the government to opt for "modern" capital-intensive techniques and projects. Uphoff (1970, p. 562) cites a pharmaceutical factory, where a relatively modest design was turned down in favor of another which eventually cost nearly ten times as much and which included "eleven bungalows for managers, a handsomely fitted administration block, a large cafeteria with one of the biggest and most modern kitchens in Ghana, and housing for experimental animals better than those in which most Ghanaians lived." Other examples abound:

Hundreds of millions of dollars went to build five-star hotels and international airports in the remote jungle villages of Ivory Coast President Felix Houphouet-Boigny and Zairian President Mobutu Sese Seko. . . . Shortly after independence, Madagascar bought a jet plane and proudly named it The Revolution. Now, Chase Manhattan is trying to repossess The Revolution [*Wall Street Journal*, 15 July 1985, p. 18].

Nigeria's Shagari for instance began the construction of a new capital about 30 miles northeast of Lagos, at an estimated cost of \$16 billion. Yet hundreds of thousands of Nigerians in the slums of Lagos lacked running water, medical care and educational facilities. President El Hadj Omar Bongo of Gabon, an oil-producing country with a foreign debt of \$1 billion, built a \$27 million conference center with a facade of imported Italian marble for the 1977 summit meeting of the Organization of African Unity in the capital of Libreville [*Time*, 16 January 1984, p. 28].

Perhaps the most serious failing of African leadership is its abiding faith in the religion of development. Ghana's Nkrumah was perhaps its most ardent believer and apostle. In exile after 1966 and responding to charges of economic mismanagement, he asked:

How can the obvious evidence of modernization and industrialization of Ghana, such as new roads, factories, schools and hospitals, the harbor and town of Tema, the Volta and Tefe bridges and Volta Dam be reconciled with the charge of wasted expenditure? . . . You only have to look around you to see what we achieved. We built more roads, bridges and other forms of national communication than any other independent African state. We built more schools, clinics and hospitals. We provided more clean piped water. We trained more teachers, doctors and nurses. We established more industries [Nkrumah 1973, pp. 394-417].

Tragically, only quantity mattered. This religion drove African leaders to place extraordinary emphasis on "modern" paraphernalia and to disregard commonsense alternatives. For example, the government of Ghana directed that sugar be grown under irrigation even though peasant farmers were low-cost producers (Killick 1978, p. 229).

Between 1960 and 1965, the number of tractors increased 25-fold, despite foreign exchange shortages and plentiful supplies of land and labor (Killick 1978). As I have argued elsewhere (Ayittey 1986b):

Illiterate peasant farmers simply cannot bridge the huge technological gap between their simple hoes and a modern tractor. A horse-drawn cart, for example, would make better sense and be of much more help to African peasant farmers. From their farms they carry out their produce on their heads! Since there is a physical limit to what can be carried on the head, whatever produce that couldn't

was left to rot on the farms. In 1981 and 1982, there were several reports of food rotting on the farms at a time when there were rife shortages of food in the cities.

A simple horse-drawn cart can increase the amount of food reaching the markets by more than tenfold. Furthermore, a horse-drawn cart does not need macademized roads. Nor does it need foreign exchange for oil, gasoline and spare parts. We have plenty of timber in large parts of tropical Africa and horses too.

But the elites of Africa couldn't be interested in such simple ideas. After all, U.S. farmers don't use such primitive conveyances. As for the horses, we race them in Africa. The white colonialists did it; so too must we.

Little has changed since Dumont (1966, p. 58) raised the issue over 20 years ago: "The problem of mechanization is crucial because African elites are seduced by the idea of modern machines. It is difficult to convince them that agricultural progress does not depend on immediate and complete mechanization."

An Indigenous Agricultural Model

According to a 1981 United Nations Food and Agriculture Organization (FAO) report (p. 3):

Africa can feed itself. Even without using modern farming techniques such as pesticides and with only the most casual approach to maintaining the soil, the 51 countries of Africa presently have the potential to feed a population three times as large as that now living on the continent, even allowing for the fact that 47 percent of the land surface is useless for crops.

Many agricultural projects and programs have failed in Africa because they did not fit into Africa's traditional environment. To be successful, an agricultural project must recognize that the bulk of Africa's foodstuffs is produced by illiterate peasant farmers who are mostly women; land is communally owned and the custodians are the chiefs whose authority, respect, and stature far exceeds those of African governments; and the indigenous economic system is characterized by free trade, free markets, and profit-sharing schemes such as *abusa* and *abunu*. For example, an African government could hand over all of its state farms to the chiefs to be operated on an *abusa*, or share-cropping basis.¹⁸ The net proceeds from the chief's farm could be

¹⁸Even the report of the Okoh Commission (1974, p. 130) recommended that the government should stay out of direct production of food. The Commission suggested that the Ministry of Agriculture should operate "by achieving through others (i.e. private farmers and breeders) the greater part of Ghana's agriculture and livestock production, rather than by its own activities as a direct food producer."

divided into three: a third to the government (either as taxes or recoupment of expenses), a third to the workers, and a third to a development fund or "traditional pot." The funds from the "pot" could be used for development projects on a 50/50 cost-sharing basis with the government.

Such a scheme has many advantages. It places those in charge who better understand local conditions. It also has a built-in incentive scheme. Chiefs would have to produce more to get a bridge or a hospital; in effect, they would barter the prospects of a hospital for more food. The scheme holds the promise of drastically cutting development budgets, which have been the underlying causes of deficits in Africa. Finally, the scheme would channel the traditional rivalries between African tribes into productive work. Tribal superiority or pride would be determined by the quality of a tribe's schools, hospitals, or bridges, not by the numerical strength in spears and arrows or tribesmen.

Foreign governments and international aid agencies can help by channeling assistance through local chiefs or traditional leaders rather than through corrupt central governments. Emphasis should be placed on rejuvenating or improving traditional cottage industries. For example, native fishermen use primitive dugout canoes that are produced by indigenous industries. More canoes could be produced or widened so that more fish could be landed.

But foreign governments and aid agencies are not likely to know about such traditional cottage industries; they are more inclined to export to Africa technologies they are familiar with. Unfortunately, such technologies may not fit into Africa's traditional environment and consequently may fail. In addition, African leaders themselves are not interested in the country's indigenous cottage industries. For example, Ghana set up a State Boatyard Corporation in 1972 to build pleasure aluminum boats; in nine years, the Corporation launched only six vessels (*Graphic*, 14 August 1981).

Conclusion

There were two basic reasons why black Africa failed to develop after independence in the 1960s. First, its leadership was given to megalomaniac, kleptocratic tendencies and was obsessed with imitating the West (the religion of development). The solutions to Africa's development problems are already in Africa, but African leaders cannot see them because they are too busy aping foreign modes of production and consumption. Second, the prescriptions of the orthodox development theory were woefully removed from reality; they

failed to address systematically the environment within which black African development occurs. The reality was recently sketched by a Ghanaian peasant, Amofo Yaw (*Graphics*, 17 February 1982, p. 3):

In this country, much noise is being made about the exploitation of the people. . . . But as far as I am concerned, it is the STATE, as the Chief Vanguard, and her so-called Public Servants, Civil Servants which actually exploit others in the country. . . .

The money used in buying the cars for Government officials, the cement for building estates and other Government bungalows which workers obtain loans to buy, the rice workers eat in their staff canteens, the soap, toothpaste, textiles cloth which workers buy under the present distribution system all come from the farmers' cocoa and coffee money. . . .

This STATE-MONOPOLY CAPITALISM has been going on since the days of the colonial masters and even our own Governments after independence have continued the system. . . .

The farmers realising this naked exploitation decided unconsciously that they would no longer increase cocoa and coffee production, they would not increase food production and any other items which the State depends on for foreign exchange. In effect, there will be no surplus for the state to exploit.

In conclusion, until black Africa can depoliticize its development strategy and return to a realistic view of its near-term growth possibilities, the economic atrophy experienced in the post-colonial period will continue. A combination of indigenous methods of production and enhancement of market activities offers black Africa an alternative and viable route to economic growth. The natural wealth of the countries that comprise black Africa remains untapped; it is now up to the African people and the world development organizations to face reality and discard the autocratic mode of government and the state capitalism that have characterized the black African development process.

The evidence in this paper and the work of Peter Bauer disprove the conventional wisdom concerning the socialist path toward economic progress in black Africa. Instead, the future rests with the African people adjusting to their own traditions while adopting those modern practices that increase the efficiency of market exchange—especially a stable government by law. And with political stability, economic stability and progress will follow.

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THE INTERNAL FORCES AFFLICTING AFRICA

Peter Kilby

Africa is suffering. In the past two dozen years the subcontinent has been smitten by two catastrophic droughts, civil war in countries that encompass more than half of all its inhabitants, disruptive international violence in the northern and southern regions, and an adverse shift in its external terms of trade. But as Professor Ayittey (1987) so vividly portrays, the material well-being of Africans has been diminished by the operation of yet additional, internal forces. Faulty economic policies and a lack of honesty among its leaders have turned up the purgatorial fires endured by its hapless citizenry.

The prominence given in Ayittey's paper to fiduciary looting as a macroeconomic variable is an insight of recent origin. On the other hand, suppressed national output in African economies as an inevitable consequence of comprehensive economic controls is a theme proclaimed by Peter Bauer more than 30 years ago. Before proceeding to Ayittey's political and cultural analysis it will be helpful to take a closer look at the economic record and the natural sequence in which the policies he excoriates evolved.

The Economic Record

The basic indices of Africa's economic performance since 1960 are seen in Table 1. Growth in GDP has been about half that of all developing countries; when population expansion is brought in, growth has been zero or negative since 1973. Around this average, of course, there is considerable variance. For the entire period 1960-82, five of the subcontinent's 45 countries (including Ghana) have suffered annual declines in per capita incomes in excess of 1 percent; in contrast, all four oil exporters and seven other countries have exceeded 2.5 percent.

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TABLE 1
 MACROECONOMIC INDICES FOR SUB-SAHARAN AFRICA
 1960-84
 (ANNUAL AVERAGE PERCENTAGE CHANGE)

	1965-	1973-	1980-	Per Capita		
	1973	1980	1984	1973-80	1980-84	
African GDP	3.9	2.7	1.1	0.0	-2.1	
GDP, all LDCs	6.6	5.5	2.9	3.3	0.7	
				1960-70	1970-80	1980-82
Total Agriculture			2.7	1.3	—	
Food Production			2.6	1.6	0.7	
Per Capita Food Production			0.1	-1.1	-2.5	
Terms of Trade ^a			2.0	-0.4	-4.7	
Export Volume			5.5	-0.6	-9.7	
Import Volume			5.0	7.4	-5.4	
Investment-GDP Ratio			15.6	21.6	21.5	

^aExclusive of oil exporters. The percentage change in the oil exporters' net barter terms of trade for the three periods was 1.2, 17.4 and 1.8 percent.

SOURCES: World Bank (1984, pp. 16-17; 1985, pp. 149-53).

The move from a poor performance in the 1960s to a dismal performance since 1970 was in part exogenous shock, as noted in the opening paragraph, and in part human design. The human design was a rising investment-GDP ratio, driven by rising public "investment" of the type Ayittey details so well; a comprehensive set of governmentally created price distortions is perhaps an even more important part of this design. Arising from quantitative import restrictions, artificial exchange rates, statutory producer prices, and disequilibrium wage rates in the public sector, these price distortions have shriveled incentives for food production and agricultural exports while creating windfall gains for urban consumers and monopoly profits for shallow, high-cost import-substitute industries.

Thus it has not been the decline of a few percentage points in the external terms of trade, shown in Table 1, that has led to constricting exports. Rather export production has fallen because the government has pushed down the price to the farmer, through a combination of confiscatory producer prices and an overvalued exchange rate, so as to leave him with only 20 to 40 percent of the f.o.b. export price when valued at an equilibrium exchange rate. And the farmer's income is further reduced as the price of local manufactures he purchases sell

from 40 to 80 percent above their previous cost when imported. The results of all this has been a perverse redistribution of income and a devastated commercial agriculture.

A Non Sequitur

As Ayittey indicates, the justification for "squeezing agriculture" was to promote industrialization. In most countries the farm sector has been crippled with no offsetting advance in industrialization. The Stalinist model has provided pain, but no gain. It is ironic that this is an instance where no hard political choice had to be made: an advancing agriculture entrains high rates of manufacturing growth. The evidence that this has been so in Africa is presented in Table 2.

Are not farming and industry competing for the same scarce resources? What complementary forces did policymakers overlook? First, and most obviously, there is the demand side: farm household income is the largest single component of purchasing power devoted to manufactures; as it expands so too does the market for manufactures. On the supply side, agricultural growth or the lack thereof is a major determinant of manufacturing costs through its impact upon: (1) the food component in the wage bill, (2) the price of agricultural raw materials used in industry, and (3) the exchange rate via the relative abundance of farm exports, thereby influencing the cost and availability of all imported industrial inputs. Indirectly, the type of

TABLE 2

A CHOICE BETWEEN AGRICULTURE OR INDUSTRIALIZATION?

	Annual Growth in Output 1970-80(%)	
	Agriculture	Manufacturing
Mozambique	-1.8	-5.8
Ghana	-1.2	-2.9
Uganda	-0.9	-9.1
Zimbabwe	-0.5	2.8
Chad	-0.3	-0.8
Ethiopia	0.7	2.4
Upper Volta	1.2	3.7
Sierra Leone	2.2	3.8
Ivory Coast	3.4	7.2
Cameroon	3.8	5.2
Malawi	4.1	6.7
Liberia	4.7	10.6
Kenya	5.4	11.4

SOURCE: World Bank (1982, p. 114).

policies associated with expanding agriculture are the same as those associated with a competitive industrial sector. As Table 2 suggests, these contributions, which take place autonomously if the market mechanism is not repressed, outweigh the resource transfer obtained from "squeezing." In agrarian economies industrial growth does not occur at the expense of agricultural growth, but because of it.

The Spread of Controls

The interventions to tax agriculture have required further interventions. Ensuing scarcities and cost-of-living considerations drew governments into the business of provisioning worthy groups at "reasonable," below-market prices. Thus they entered the quagmire of licensing and price controls in order to direct subsidized food to irate urban consumers, subsidized fertilizer to a lagging agriculture, and subsidized raw materials to stumbling manufacturing industries. But more often than not policymakers found that civil servants, licensed distributors, and some final consumers subverted their policy by encashing the implicit rent in the parallel market, reselling the licensed commodity to the highest bidder.

Frequently policymakers have responded to this embezzlement of subsidy by establishing public corporations to deliver directly to the target group. As Douglas Rimmer (1984, pp. 197–98) pointed out:

Where imports are licensed, public corporations have been set up to participate in, or even monopolize, the import trade. Where imports of staple foodstuffs are subsidized, another corporation can be made responsible for their distribution. Where agriculture inputs are made cheaply available to farmers, their supply can be entrusted to a ministry of agriculture. Where the rentals of urban housing are to be held down, a government housing corporation can be made responsible for new construction.

Unhappily this response to the first mistake is to step yet deeper into the quagmire, substituting staggering administrative cost and impaired delivery for diversion and embezzlement. An undesired redistribution of national income is replaced by a reduction in national income.

By the early 1980s, noted Rimmer (1984, p. 262), virtually every African head of state had denounced parastatal bodies as inefficient, wasteful, corrupt, and irresponsible. However, the inference is never drawn that state enterprises are an inappropriate instrumentality. Rather they are abjured to be less inefficient, less wasteful, less corrupt, and less irresponsible in the future. Similarly the policy-contrived transformation of the structure of the economy is conceded to have been a failure. The explanation has not been that the strategy

is misconceived, but that it is insufficiently comprehensive. State enterprise in manufacturing can be extended into large-scale farming to obtain self-sufficiency in foodstuffs. The mistake is to be rectified by enlarging its scope.

Why Do the Misguided Policies Persist?

Why have so many African countries pursued these punitive economic policies for so long? There has been no perceptible change in the pattern since the mid-1950s when internal self-government was first obtained. If the doomsday machine is to be shut down, the causes for this seemingly suicidal behavior must be isolated.

Peter Bauer (1984, p. 105) has argued that it is the outcome of the last phase of colonialism, the dirigiste, and welfare-oriented policies that "contributed greatly to the creation of a new political climate in which despotism was likely to emerge and corruption bound to flourish." Clearly, Ayittey's triad of megalomania, kleptomania, and imitation is four-square in the Bauer tradition. Robert Bates (1981) sees a political rationality in the persistent pattern: for very insecure governments heavy taxation of farm output with a redirection of the proceeds to subsidize rural social services on a geographically selective basis is a most efficient instrumentality to repay political debts, undermine political opposition, and to generally maintain political control.

If this analysis is complete, the prospects for Africa are not very hopeful. To shift to decentralized free markets as the principal agency of economic management, beyond its potentially traumatic implications for incumbent rulers, effects a triple amputation on the winning actors in the system. It cuts off the means to take visible, responsible interventions as called for in the traditional morality. It cuts off the possibility to amass a personal fortune. And it cuts off that most intoxicating commodity known to man, direct power over his fellow men. We have seen little evidence that any of the political actors in Africa are willing to accept such delimitations.

But one must wonder if something is not missing. Surely, with the sample of over 100 like-minded African rulers since 1960, Ayittey's implicit assumption of kakistocracy can not hold. Since so many men have persisted so long, and since we have no warrant to assume that Africans learn less from experience than other men, we can only conclude that these actions possess an *ex ante* noneconomic utility that make them worth their cost.

All Africans that the writer has encountered over the past decade—layman and economist, farmer and urban dweller—condemn the

rascals in power and the effects of their policies; but none have suggested that controls should be abandoned. Rather they urge that these controls be put right. The press, other organs of opinion, the academic community—nowhere is the advice heard to explore a free market regime. The writer participated in an experiment in which 50 ranking African economists and Permanent Secretaries from 22 countries were sequestered in an Oxford college for five days and subjected to grueling intellectual self-examination administered by one of the world's largest aid agencies, all of which was aimed at conversion to a less interventionist approach to economic management. After five days there was not a single convert. Within this context, Ayittey is a John the Baptist crying in the desert.

In sum, we are not dealing with a system that has persisted because it shields the incumbent party from political competition or because it enriches those individuals who man the controls. On the contrary, it is a system that is so right in the eyes of the citizenry that it continues to be embraced despite outrageous abuse and extraordinary inefficiency.

Conclusion

Interventionism in Africa is, at least in part, the pursuit of a moral goal, an attempt to move closer to the egalitarianism of precontact traditional African society. In these intimate small-scale societies accumulation of productive wealth was not encouraged; on the contrary, the accumulation of private wealth, with its potential for control over the activities of others, was restricted by a wide variety of social arrangements—increased ceremonial offerings, marriage of additional wives, financing of marriage for relatives, obligations to kin, gift giving. The aim was always to prevent the emergence of permanent economic inequality (Charle 1970). Intervention by the chief, the duly constituted political authority as described by Ayittey, to maintain an equitable society has deep roots.

If this analysis captures an element of what is going on, is there anything useful that can be abstracted from it? Perhaps two things. First, understanding and patience. Although it will take longer in Africa, Nehru's India is a clear parallel. Second, equity—not efficiency—should be the centerpiece in the campaign to win over public opinion to market liberalization. Owing to the long accumulation of price distortions, open competition in unfettered markets will lead to an improvement in the distribution of income. In the near term pursuit of Africa's moral objectives is also the pursuit of economic efficiency.

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