

Chapter 5 Diamonds, Dynasties, or Decent Decisions?

The Origin of Botswana's Liberal Policies and Their Contemporary Unravelling

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1 Introduction

In the four decades between 1961 and 2001, the average Gross Domestic Product (GDP) per capita in sub-Saharan Africa (hereinafter “Africa” or “SSA”) grew by 0.27% (World Bank, 2023b). For many African states, the post-independence era saw stagnant growth, economically illiberal governments, political turmoil, and war. The pessimism surrounding Africa’s economic outlook went mainstream in 2000 when *The Economist* described Africa as the “hopeless continent”. Yet, despite the region’s poor economic outlook, during this time one African state grew faster than any country in the world. In the three decades following the nation’s independence in 1966, Botswana’s average GDP growth rate was the highest globally at 11.1% (World Bank, 2023a). Similarly, between 1966 and 2021, the growth rate of Botswana’s GDP per capita was more than 10 times the African average, at 4.91% per year (World Bank, 2023c).

When Botswana attained self-governance in 1965, it was the third poorest nation in the world (Beaulier, 2003: 231) with a GDP per capita (current US\$) of just \$80.20 (World Bank, 2023b), more than half the African average. At the time, the illiteracy rate was over 75% (Sebudubudu and Molutsi, 2011: 9). The nation had just 20 students studying at university and approximately 1,000 pupils in secondary school (Munger, 1965: 42). According to Acemoglu, Johnson, and Robinson (2003: 80–83), in 1965 the nation had 22 university graduates and 100 secondary-school graduates. When Botswana became independent in 1966, it

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was experiencing the worst drought in 30 years. At the time, one in three citizens relied on government rations to survive (Samatar, 1999: 63), and life expectancy was 53 years (World Bank, 2023e). Minimal infrastructure spending meant there were just 12 kilometres of paved roads in the country (Acemoglu, Johnson, and Robinson, 2003: 80).

Yet, despite its initial poverty, according to World Bank classifications, Botswana became a “middle-income” country in 1986 and in 2005 it was designated as an “upper-middle-income” state (McCaig, McMillan, Verduzco-Gallo, and Jefferis, 2015: 1). In 2021, Botswana’s GDP per capita (current US\$) was over \$6,805, more than 4.1 times the sub-Saharan African average (World Bank, 2023b). Literacy rates are now above 90% (Sebudubudu & Molutsi, 2011: 9), and more than 56,000 Botswana students are enrolled in tertiary education. In 2019, more than 11,900 students graduated from Botswanan universities, with the vast majority of graduates being Botswanan (Human Resource Development Council, 2021: 16–20). In 2020, the average life expectancy was 66 years (World Bank, 2023e), and there are now more than 7,255 kilometres of paved roads (Statistics Botswana, 2021: 2), representing an increase of over 60,000% since 1966.

Furthermore, despite extensive diamond resources and revenues, the nation has avoided the so-called “resource curse” or “Dutch disease”. Botswana has never experienced a *coup d’état*, significant government infighting over control of natural resources, or a civil war. Botswana has seemingly overcome any adverse legacy of colonial rule—it is also landlocked and the majority of the landmass is unproductive desert—three important factors that some academics argue are unfavorable for economic growth.

For avoiding many potential developmental pitfalls and rising from severe poverty to relative prosperity, Botswana is often heralded as an African “miracle” and “success” story in both academic and popular articles (Acemoglu, Johnson, and Robinson, 2003; Lewis, 2006; Masire, 2006; Tupy, 2019). There is a broad consensus among scholars that Botswana’s growth can be attributed to good policies that are usually described as ‘liberal’. However, there is substantial disagreement within academic circles as to why Botswana adopted these liberal policies, especially when almost no other African nation did so to the same degree.

Through historical analysis and using chronological data related to economic freedom (Lawson and Murphy, 2023), which have been largely used too little in the existing literature, this study adds credence to the theory that the introduction of liberal policies in independent Botswana was a result of the decision-making of the Botswanan government. However, the “good leadership” hypothesis alone provides an inadequate explanation. Instead, the stability of Botswana’s political system, coupled with some good leadership choices that were underpinned by external constraints limiting the elite’s decision-making, provide a more robust explanation of the origin and extent of Botswana’s economically liberal policies after independence.

This finding could have immense contemporary importance as many of the constraints that once bound the Overton window through which the government of Botswana could implement policy have become increasingly insignificant. The unravelling of these constraints may explain some of the alarming warning signs we have seen from the nation in recent years; from United Nations concerns over the nation’s human rights records, warnings of rapid backsliding in the area of civil and political rights, and increasingly hostile political infighting.

2 Literature review and existing hypotheses

Most economists agree that economically liberal policies that align with the five key areas of economic freedom described in *Economic Freedom of the World* (EFW) (Gwartney, Lawson, and Murphy, 2023), are conducive to economic growth. According to some academics, other factors that can undermine or promote economic development include geography, resource abundance, and stability.

Economic liberalism as the origin of economic growth in Botswana

Nearly all academics who have written on Botswana's economic development agree that, after independence, Botswana adopted policies that can be considered economically liberal and these policies help explain Botswana's rapid economic growth. Beaulier explains that Botswana's economic development is a consequence of the government's decision to "respect the rule of law, protect private property rights, and limit the government's scale and scope" (2005: 2). Seidler (2010: 5), Martin (2008: 45), and Mbao and Komboni (2010: 49–52) have also proposed that, since independence, the ability of successive governments to keep corruption and taxation low has contributed to economic development.

Acemoglu, Johnson, and Robinson (2003) have highlighted the critical role of Botswana's relatively strong institutions, especially in property rights. Seidler has similarly claimed that Botswana's strong institutions are "fundamental to the

The geography and a brief history of Botswana

Botswana is a landlocked country in Southern Africa that, with a land area of 566,730 square kilometres (World Bank, 2023d), is slightly larger than Metropolitan France. The Kalahari Desert makes up 84% of Botswana's land area. Only 4% of the land is suitable for cultivation (Seidler, 2010: 3), and around 80% of the population lives along the fertile eastern border (Parson, 1984: 4). Since independence, Botswana's population has skyrocketed from 575,000 inhabitants in 1966 to over 2.58 million today (World Bank, 2023g).

The Tswana migrated to the territory that is modern-day Botswana in the eighteenth century and were primarily cattle traders (Acemoglu, Johnson, and Robinson, 2001: 92–93). Following a series of successfully defended attacks from the Boers (most notably at the Battle of Dimawe in 1852), the Tswana leadership under Chief Sechele asked Britain to protect Bechuanaland. Despite initially rejecting the request, following Germany's annexation of South-West Africa (today's Namibia) in 1884, in 1885, out of fears of losing their main corridor to South Africa, the British formally established the Bechuanaland Protectorate.

In 1967, a year after independence, large diamond reserves were discovered by De Beers in Orapa. In 1968, De Beers and the Botswanan government established a joint company, Debswana. The percentage of diamond profits allocated to the Botswanan government has increased from 15% in 1968 to 80.8% today.

The Orapa mine became operational in 1971, and the Jwaneng diamond mine, which opened in 1982, remains the richest diamond mine in the world by value. Today, diamond profits account for between one quarter and one third of the country's GDP and between 70% (Meijer, 2012: 2) to 90% of Botswana's exports. For decades Botswana has been one of the leading diamond exporters and possesses approximately 20% of the global supply.

country's economic success" (2010: 1). Lewis (2006: 1) and Beaulier and Subrick (2006: 105) also suggested that democracy has played a large role in the nation's economic development. Rodrik highlights Botswana's attention to sound money and describes the nation as having "an admirable record with respect to macroeconomic stability" (2007: 39), and the OECD acknowledges Botswana has had "prudent macroeconomic management" (OECD & African Development Bank, 2002: 49).

Three other factors affecting economic growth

Beyond the policy considerations related to economic freedom, three other factors that may drive or limit economic growth are worth exploring. First, some academics such as Sachs and Warner (1995, 1997), Diamond (1997), and Sachs (2001) suggest that geographical variables, such as climate, coastal proximity, the presence of navigable rivers, and distance from the equator, help determine economic stability and growth. However, if geographical factors played a significant role in Botswana's economic development, one might expect the nation, which is close to the equator, mostly desert, and landlocked with few navigable rivers, to be economically unsuccessful. As this is not the case, clearly other non-geographical factors are of greater importance in driving Botswana's economic growth.

Second, some scholars such as Leite and Weidmann (1999), Sachs and Warner (1995), and van der Ploeg (2011) suggested there is generally a negative correlation between significant resource endowment and economic growth. However, Kaznacheev (2017) argues that the quality of institutions and policies determines if natural resource abundance is a curse or a blessing. Kaznacheev's argument that better institutions mean resources become an economic "blessing" rather than a "curse" is likely the case in Botswana. As Seidler explains, Botswana's resources were not economically disastrous because the government applied "useful policies" (2010: 4). Similarly, Acemoglu, Johnson, and Robinson note "diamonds no doubt helped" but "there is almost complete agreement that Botswana achieved this spectacular growth because it adopted good policies" (2003: 83–85).

Third, Grossman (2000) found that the higher probability of political instability and revolution leads to a government that is more likely to adopt predatory extractive policies. However, Grossman's analysis is also true in reverse; rulers who can rely on long-term tenure in office will likely be less predatory and implement policies more conducive to economic growth. Botswana is an incredibly stable nation, especially compared to other states in sub-Saharan Africa. Since independence, Botswana has never experienced a *coup d'état*, and its government has never formally uncovered any coup plots (Beaulier and Subrick, 2006: 111). As outlined later in this chapter, Botswana's economic policies are also uniquely stable compared to other SSA countries.

To conclude, geographical factors are usually considered of little relevance to Botswana's growth. While diamonds assisted with growth, the implementation of good policies is considered as the primary reason Botswana managed to avoid the "resource curse". However, the role of stability in the nation's development deserves greater consideration. There is almost a unanimous agreement across the existing literature that Botswana did adopt economically liberal policies after independence. However, the reason that Botswana adopted these policies, especially when almost no other newly independent African state did so to the same degree, has been debated at length in the literature.

Competing hypotheses on the origin of economic liberalism in Botswana

Usually, academics that have studied Botswana's liberalism adopt a multidimensional approach to explain the origin of said policies (though scholars typically champion one hypothesis more than another.) For this reason, and in order to disentangle the competing approaches, the remainder of this section is segmented by hypotheses, rather than by author.

Hypothesis A British benign neglect preserved good pre-colonial institutions

Several authors (including Acemoglu, Johnson, and Robinson, 2003; Dale, 1995; Englebort, 2000; Robinson, 2009; and Seidler, 2010) credit the development of liberal policies in Botswana to good traditional institutions that, because of “light rule” (Seidler, 2010) or “benign neglect,” (Dale, 1995) on the part of the British during colonialism, were left relatively untouched. Authors that propose this hypothesis have presented at least one of the following pieces of evidence to highlight Britain's supposed disinterest in actively governing the region or engaging with (or dismantling) traditional institutions.

1. Bechuanaland's colonialization was unique because the chiefs asked for British protection in 1885 and, in the same year, the British High Commissioner stated Britain had “no interest” in Bechuanaland “except as a road to the interior” and that Britain will do “as little in the way of administration or settlement as possible” (quoted in Picard, 1987: 36).
2. This being the case, Britain's “minimal level of involvement” (Cook and Sarkin, 2010: 466) meant traditional chiefs maintained their power over the judiciary, legislative, and executive functions (Seidler, 2010: 9).
3. The lack of interest in the region is reflected in the fact that, throughout British rule, more than 75% of spending went to colonial administrative costs (Parson, 1984: 22).
4. The European population in the protectorate stayed comparatively low, at approximately 1% (Lewis, 2006: 7) and, for most of the colonial era, there were only around 20 colonial administrators (Mitchell, 1995: 38).

There is broad agreement among proponents of this hypothesis that this disinterest from the British preserved pre-colonial institutions and tribal structures, which were maintained and successfully integrated into the modern Botswanan state (Englebort, 2000: 13-14; Robinson, 2009: 187–194; Seidler, 2010: 2). For these authors, the maintenance of traditional institutions was beneficial for liberal policies after independence for the following reasons.

1. The Tswana had a tradition that, through the *kgotlas*,¹ allowed criticism of the chief, were tolerant of dissent, ensured “equality between the chief and his constituents” (Beaulier, 2003: 228), promoted consensus-seeking (Seidler, 2010: 9), and integrated other groups not ethnically Tswana (Robinson, 2009: 8).

¹ *Kgotlas* are gatherings in traditional Tswana society that can act as a meeting, general council, or law court. They are headed by the local chief, who is accompanied by his advisors.

2. Tswana political institutions, unlike those of other African tribes, “constrained” the “power of the chiefs” and promoted “able and pragmatic leadership” (Seidler, 2010: 9–14).
3. Unlike many other pastoralist tribes in Africa (who often managed goats), the cattle-farming Tswana were not nomadic, which led the Tswana having a tradition of using and protecting private property (Acemoglu, Johnson, and Robinson, 2003: 94–95).
4. Tswana institutions encouraged the elite to engage in economic activity unrelated to politics (usually cattle farming) (Seidler, 2010: 9), which encouraged chiefs to make “sound economic decisions” that benefited the entire tribe (Beaulier, 2003: 228).

Hypothesis B The British left good institutions

While no prominent scholar mentioned in this chapter believes the continuation of British institutions is the sole explanation for the nation’s adoption of liberal policies, several academics suggest this factor is of relative importance.

Unlike the situation in many other African colonies where extractive institutions were developed, according to Acemoglu, Johnson, and Robinson, one reason that Botswana adopted good policies after independence is that the government “sustained the minimal public service structure it inherited from the British” (2003: 83). Beaulier also notes that part of Botswana’s success can be attributed to the fact that it “inherited a British common-law legal framework” and managed to preserve some of the most “important aspects of British common-law” (2003: 231).

As with Hypothesis A, the argument implicit in Hypothesis B is that, because the British were not interested in actively managing the region, extractive institutions were not developed. However, exponents of Hypothesis B put greater emphasis on the claim that Bechuanaland benefited from being a British colony as it meant the region inherited systems that protected property and maintained the rule of law. Admittedly, Acemoglu, Johnson, and Robinson (2003) did note the ability of the government of Botswana to develop the public service structure into a meritocratic, relatively noncorrupt, and efficient bureaucracy were other important factors. Similarly, Beaulier notes that the government of Botswana made good decisions to acknowledge the utility of and keep in place “some British institutions” (2005: 7) and that the incorporation of “customary practices”, into British common law was important (2003: 231).

Hypothesis C Good leadership

Ayittey (1992: 10) was one of the first and most prominent academics to posit that the bad policies, poverty, violence, weak institutions, and corruption in African states is almost entirely due to the “atrocious” decisions made by post-independence leaders. According to Ayittey, uniquely good leadership in Botswana (compared to the SSA norm) led to the nation’s economic and institutional success.

Beaulier (2003, 2005), who arguably champions this hypothesis more than any other academic mentioned in this chapter, emphasizes the importance of the post-independence leadership. For Beaulier, Botswana’s “crucial moment came in 1965” when the Botswana Democratic Party (BDP) won the election, and “the future of Botswana was dependent on the decisions made by Khama and his administration” (2003: 236). According to Beaulier, in this crucial moment, “Khama ...

made good policy decisions during Botswana’s post-colonial transition” and chose to “adopt pro-market policies on a wide front” (2003: 236–237). In doing this, the government of Botswana embraced the “rule of law [and determined to] protect property rights, and limit the government’s scale and scope,” while liberalizing trade, lowering taxes, and increasing personal freedoms (Beaulier, 2005: 2). These “wise choices by Khama” at a “critical point in time,” according to Beaulier (2003: 237), is the primary reason for Botswana’s economic success.

Other scholars supportive of the “good leadership” hypothesis but who put less emphasis on the immediate moment after independence include Sebudubudu and Molutsi, who suggest the nation’s good policies and economic success lies in “good leadership” and a “genuinely conscious elite” (2011: 10–44). Similarly, Kiiza also pinned the nation’s liberalism on policy makers’ decisions and the BDP’s “pragmatic economic ideology” (2006: 12). Placing a greater emphasis for Botswana’s economic liberalism on the choices of the post-independence leadership has gained significant traction in recent years and has been mentioned numerous times in popular articles (Matthews, 2021; Mitchell, 2018; Tupy, 2020).

3 Methodology

The primary source of data used in this article is the Fraser Institute’s *Economic Freedom of the World: 2023 Annual Report* (Gwartney, Lawson, and Murphy, 2023; this edition). Using this data allows the examination of Botswana’s liberalism from 15 years before independence to 2021. These findings then present empirical evidence against which the three hypotheses in the literature review can be tested, and a new chronologically sensitive hypothesis can be proposed.

The current edition of *Economic Freedom of the World* measures 165 jurisdictions’ level of economic freedom across 43 variables, which are segmented to form five major areas; the size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation. Each jurisdiction is assigned, across 43 variables, a score out of 10. A higher score indicates that a jurisdiction has lower levels of government consumption, stronger property rights and legal systems, fewer legal restrictions on the economic freedom of women, a more stable currency, greater trade liberalisation, and fewer regulatory barriers. Third-party data, which is readily available to researchers, are used to create the index published in *Economic Freedom of the World* (EFW index), thus ensuring greater objectivity of the findings.

According to several academics (Dawson, 2007: 185; Jäger, 2017: 260) *Economic Freedom of the World* has been praised as the “gold standard” for measuring economic freedom. As data similar to that provided by the EFW index cannot be gathered from other indices (usually because of an inadequate time series), the use of the EFW index in this article is necessary. A key benefit of using historic EFW data in this article is that these data can shed new light on the chronology of Botswana’s adoption of liberal policies, which is too often absent in the existing literature. For example, when Robinson (2009: 7) suggested Botswana has developed strong institutions, he presented only the World Bank’s Government Indicators from 2009. Seidler (2010: 4–5), when looking at Botswana’s institutional strength, also used only the World Bank’s Governance Matters data from 2009 and, when assessing the nation’s relative economic performance, relies on data from just 2005. Similarly, when providing evidence of Botswana’s low taxes,

Beaulier and Subrick (2006: 110) used a single piece of data from 1999. When analysing how the nation has relatively good metrics on the rule of law and government effectiveness, the same authors (Beaulier and Subrick, 2006: 106) used single data points from 2004.

To summarize, the current literature has often presented a static analysis of where Botswana ranks across various metrics at a single point in time and usually disregards the time frame over which Botswana became progressively more economically liberal. This blind spot ultimately leads to several hypotheses that are not causally related to the chronology of the unfolding phenomenon. The chronological focus of EFW data and the conclusions that can be drawn from such findings aid in remedying this problem.

Limitations

There are some minor limitations in the use of the EFW data for this study. The data available for the five areas of economic freedom for Botswana date back to either 1970 or 1975. This means tracking the changes made immediately after independence is not possible. However, this issue does not significantly undermine this discussion for two reasons. First, an absolute EFW score for Botswana extends to 1950, meaning it is still possible to track the broad development of economic liberalism in the nation from 16 years before independence until 2021 (the most recent data available). Second, any significant liberalization immediately after independence should be borne out in the data from 1970 and 1975 onwards. No prominent academic work has proposed Botswana became significantly freer immediately after independence, but then declined by 1970 or 1975.

As this chapter is largely reliant on a single dataset, it means any empirical analyses on the validity of existing hypotheses, or proposed hypothesis, are ultimately reliant on the accuracy of the EFW data. Future researchers could incorporate alternative datasets related to test the findings of this chapter.

4 Data findings

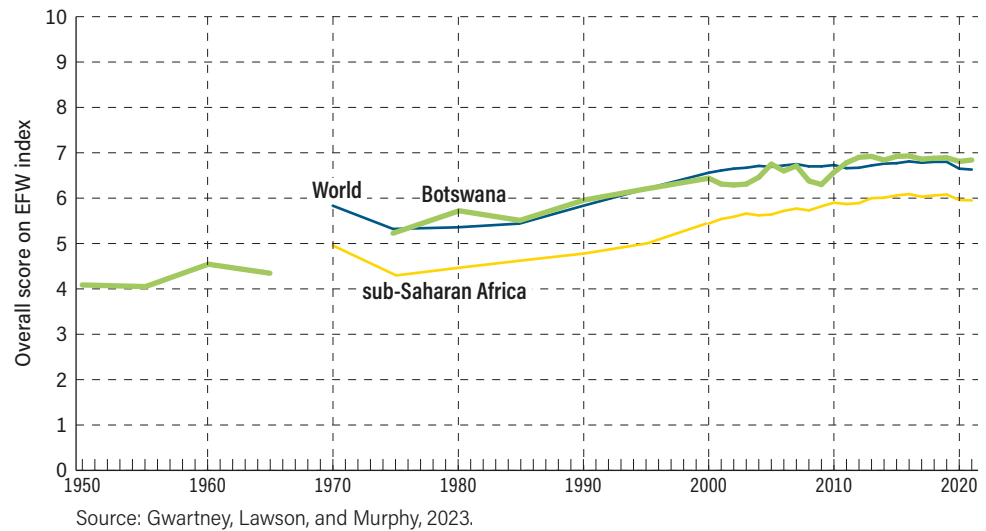
The Fraser Institute's EFW dataset (Lawson and Murphy, 2023) is used to find and compare the overall EFW scores of Botswana, sub-Saharan Africa, and the World, and their scores for each of the five major areas of economic freedom, for every year in which data are available. Unless specified, the earliest and most recent EFW data available is used.²

Figure 5.1 shows the average overall EFW score for Botswana, SSA, and the World. Notably, there is no data for Botswana in 1970, or from SSA or the World before 1970.³ Figure 5.1 highlights that in the decades following independence, Botswana steadily became more economically liberal with no significant declines. To a large degree, this upward trend highlights the continuity and stability of Botswana's economic policies after independence. The most significant increases

2 These averages should be used with caution. Given the recent changes in the sources of the EFW data, the data available for various jurisdictions have changed over time, meaning averages from one year may not be directly comparable to other years. At best, these averages provide an approximate measure of patterns over time.

3 Scores between 1950 and 1965 are an extension of the regular index using a smaller number of variables. For more information, please see Lawson and Murphy, 2019.

Figure 5.1: Overall score for economic freedom for Botswana, sub-Saharan Africa, and the World, 1950–2021

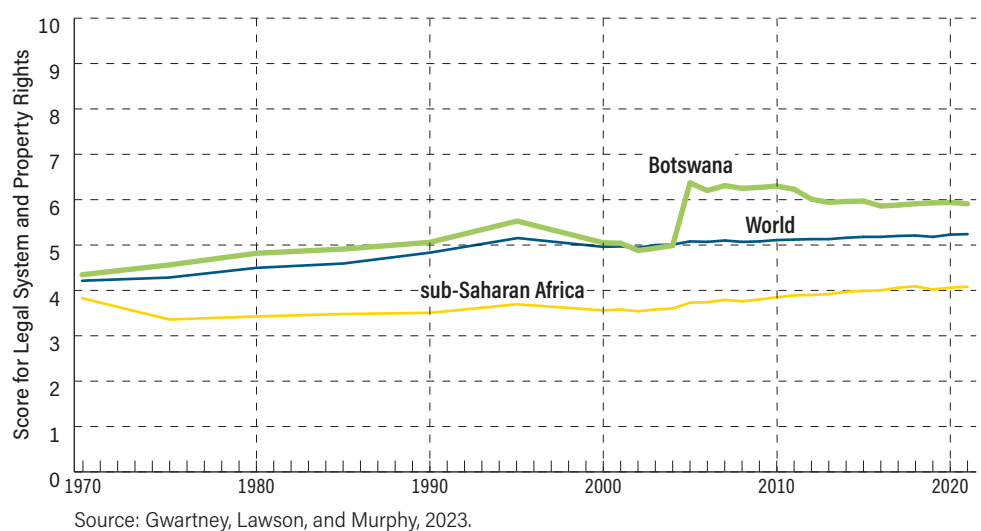


occurred between 1985 and 2005, where the nation experienced a rise in its EFW score of 1.5 points. Since the mid-2000s there has been relative stagnation and in 2021 Botswana achieved a score of 6.84—only 0.09 points higher than where it was in 2005, and 0.09 lower than its highest score of 6.93 in 2016.

Figure 5.2 shows the average score for EFW Area 2. Legal Systems and Property Rights for Botswana, SSA, and the World. These data show that in the latter half of the twentieth century, Botswana had consistently stronger property rights and legal systems than the SSA average, and marginally higher than the world average.

Botswana’s rapid improvement between 2004 and 2005 was largely due to substantial increases in the “gender disparity index” component of this area, indicating greater equality between the sexes. Interestingly, if the gender adjustment is removed, there is a marginal decline in this area of 0.01 points between 2004 and 2005. Similarly, without the gender adjustment, Botswana’s legal systems and property rights would have peaked at 7.80 in 1995, and stand at just 6.28 today.

Figure 5.2: Score for Area 2: Legal System and Property Rights, with gender adjustment, for Botswana, sub-Saharan Africa, and the World, 1970–2021

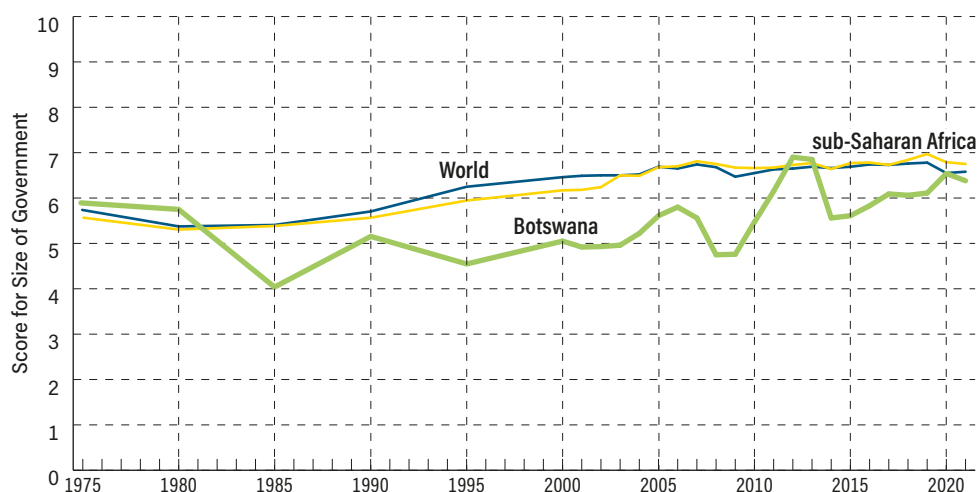


Despite its place above the SSA average in 1970, Botswana was far from exceptional in this component. Since 1970, Botswana has achieved an average rank of just 5th in this area compared to all other SSA states.

Figure 5.3 shows the average score for EFW Area 1. Size of Government for Botswana, SSA, and the World. The year 1970 was removed as data for Botswana in this year were only available for three of the areas' seven components.

These data show that in most of the years analyzed, Botswana's score for Size of Government was usually lower than the SSA and global average, and the nation only scored comparatively higher (meaning it had a less intrusive government) between 1975 and 1980 and briefly in 2012 and 2013. The component within this area that attributes most to Botswana's relatively low score is IA: Government Consumption, where the nation usually scores a 0 out of 10 and has averaged just 1.18 in this variable since 1975. Conversely, in the three variables related to income and payroll taxes,⁴ from 2000 onwards Botswana scored extremely high with an average score of 9 between 2000 and 2021.

Figure 5.3: Score for Area 1: Size of Government, for Botswana, sub-Saharan Africa, and the World, 1975–2021



Source: Gwartney, Lawson, and Murphy, 2023.

Figure 5.4 shows the average score for EFW Area 4. Freedom to Trade Internationally for Botswana, SSA, and the World. These data show that since 1980 Botswana has scored (aside from in 1995) above the SSA average, but since 2000 usually below the global average. Unlike other areas, substantial liberalization occurred in this area between 1975 and 1980. Over the time series, Botswana has steadily improved in most variables. However, liberalization in the component 4D. Controls on the Movement of Capital and People and subcomponent 4D(i). Financial Openness were the most substantial. Conversely, the Subcomponents 4A(i). Trade Tax Revenue and 4D(iv). Protection of Foreign Assets has remained consistently poor.

Figure 5.5 shows the average score Area 3. Sound Money for Botswana, SSA, and the World. The year 1970 was removed from this analysis as for this year data for Botswana were only available for two of the four components. These data

4 Namely: Component ID. Top Marginal Tax Rate; Subcomponent ID(i). Top Marginal Income Tax Rate; and Subcomponent ID(ii). Top Marginal Income and Payroll Tax Rates.

Figure 5.4: Score for Area 4: Freedom to Trade Internationally, for Botswana, sub-Saharan Africa, and the World, 1975–2021

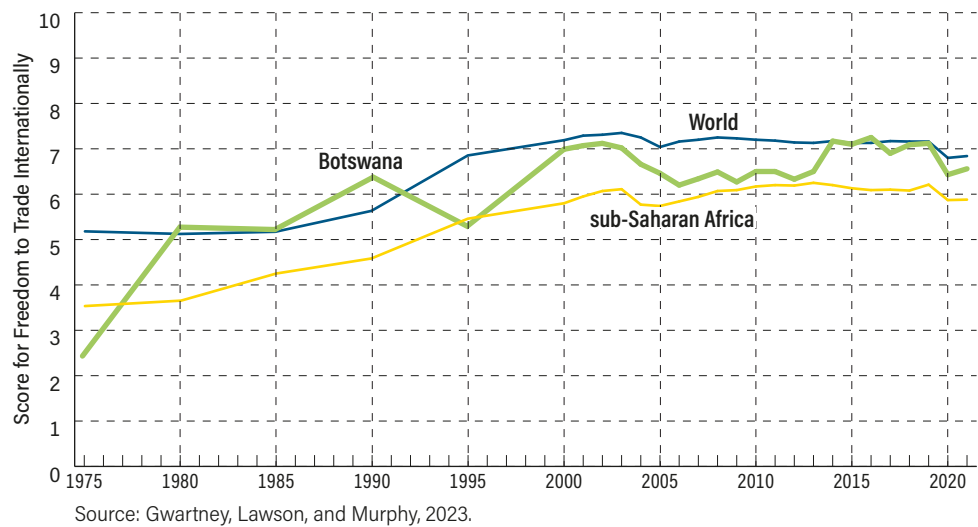
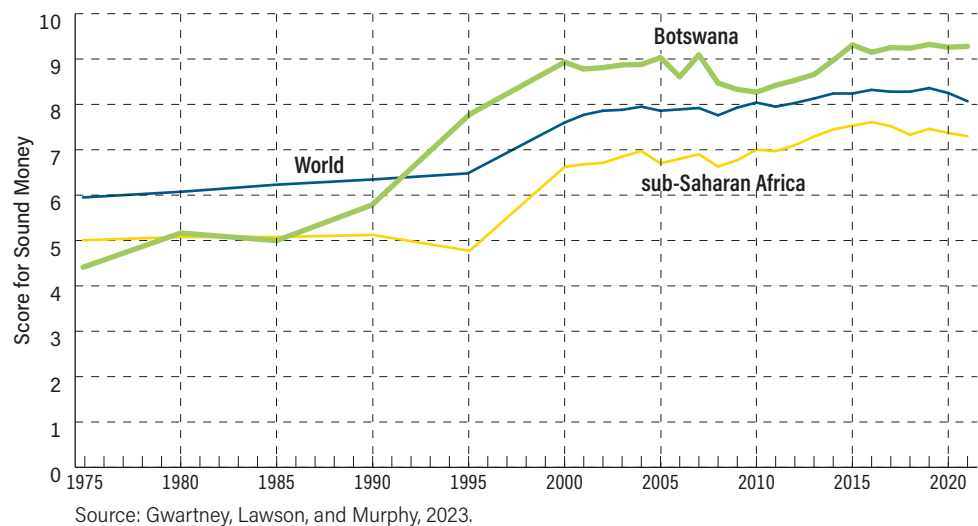


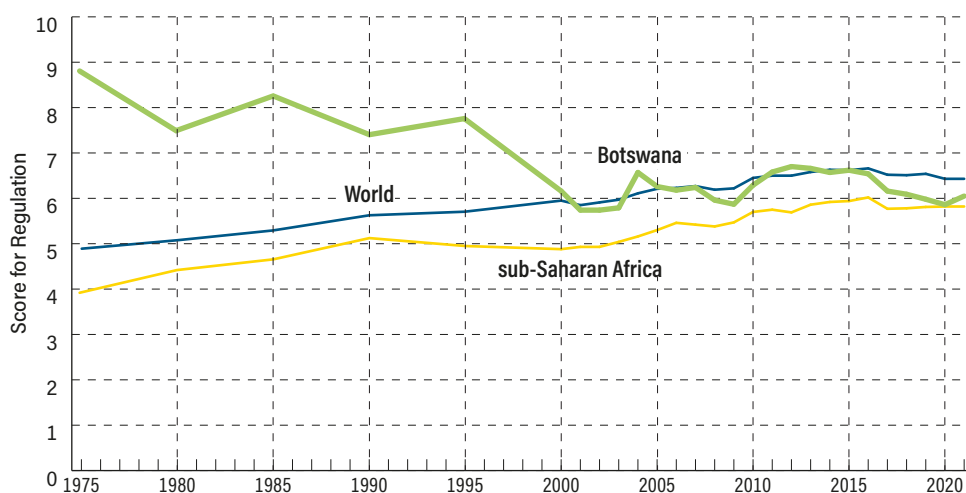
Figure 5.5: Score for Area 3: Sound Money, for Botswana, sub-Saharan Africa, and the World, 1975–2021



show that Botswana usually scored significantly above the SSA average and marginally above the global average between 1990–2021. As with Area 4. Freedom to Trade Internationally, two significant periods of liberalization occurred in this area, between 1975 and 1980 and 1990 and 2000. However, it was not until 2000 that Botswana consistently outperformed the global average. The primary reason for Botswana’s rapid improvement in this area in the 1990s was Component 3D. Foreign Currency Bank Accounts, which was greatly liberalized, going from a score of zero between 1975 and 1990, to a score of 5 in 1995, and then 10 since 2000.

Figure 5.6 shows the average score for Area 5. Regulation for Botswana, SSA, and the World. Interestingly, Regulation is the only area in which Botswana consistently scored significantly higher than the global and SSA averages between 1975 and 1995. However, the sharp decline in Botswana’s score in this area in 2000 was primarily due to the data for ten more components (mostly surrounding labor

Figure 5.6: Score for Area 5: Regulation, for Botswana, sub-Saharan Africa, and the World, 1975–2021



Source: Gwartney, Lawson, and Murphy, 2023.

markets and the hiring and firing of workers, where the nation scores relatively poorly) becoming available and being incorporated into its score. Throughout the time series Botswana consistently scores high in Component 5A. Credit Market Regulation and Subcomponent 5B(iv). Conscriptation.

Tables 5.1a and 5.1b list the top 10 freest economies in sub-Saharan Africa from 1975 to 2020 in five-year intervals. This table demonstrates that, although Botswana was never once the freest nation in in sub-Saharan Africa (which since 1975 has been the world's least free region), it is the only nation always listed among the region's top 10 freest economies. This indicates that the stability of Botswana's liberalism, rather than its extent, is the unique factor in the nation's economic policies (though notably, Mauritius features on this list since 1980 and has been the freest African nation since 1985). Tables 5.1a and 5.1b also demonstrate that, while significant liberalization took place between 1985 and 2005, since 2010 Botswana has become comparatively less free compared to the other most economically liberal SSA states.

5 Data and historical analysis

In this section, the inferences and expected outcomes of each hypothesis are proposed and analyzed against the EFW data to determine whether the expected causal mechanisms had an observable effect. Historical analysis will then seek to explain the likely reasons that each hypothesis's outcomes were or were not reflected in the empirical data.

Hypothesis A British benign neglect preserved good pre-colonial institutions

Data analysis of Hypothesis A

If Hypothesis A is true, the expected outcomes within the empirical evidence would be for Botswana to score highly on metrics related to size of government (measured in figure 5.3) and strong legal systems and property rights (measured in figure 5.2). Furthermore, if traditional institutions continued after independence and a culture of property rights provided the state's foundation, good scores in these metrics should be evident soon after independence.

Table 5.1a: Top 10 freest economies by overall EFW score in Sub-Saharan Africa, 1975–1995

Rank	1975		1980		1985		1990		1995	
1 st	Niger	5.98	Niger	5.73	Mauritius	6.59	Mauritius	6.39	Mauritius	7.5
2 nd	South Africa	5.64	Botswana	5.70	Niger	6.19	Mali	6.07	South Africa	6.83
3 rd	Senegal	5.33	Mali	5.65	Côte d'Ivoire	5.68	Botswana	5.95	Botswana	6.18
4 th	Botswana	5.22	Senegal	5.58	Mali	5.63	South Africa	5.66	Namibia	6.06
5 th	Mauritius	5.13	South Africa	5.34	Senegal	5.53	Senegal	5.62	Mali	5.67
6 th	Mali	5.00	Mauritius	5.31	Botswana	5.5	Gabon	5.57	Tanzania	5.67
7 th	Chad	4.99	Côte d'Ivoire	5.19	South Africa	5.44	Namibia	5.54	Zimbabwe	5.67
8 th	Cameroon	4.88	Zimbabwe	4.89	Togo	5.42	Togo	5.51	Kenya	5.44
9 th	Kenya	4.82	Cameroon	4.72	Chad	5.36	Chad	5.38	Congo, Rep.	5.3
10 th	Benin	4.61	Chad	4.7	Rwanda	5.13	Niger	5.38	Uganda	5.3

Table 5.1b: Top 10 freest economies by overall EFW score in Sub-Saharan Africa, 2000–2020

Rank	2000		2005		2010		2015		2020	
1 st	Mauritius	7.47	Mauritius	7.65	Mauritius	8.11	Mauritius	8.09	Mauritius	7.89
2 nd	South Africa	6.97	South Africa	6.99	Uganda	6.98	Seychelles	7.57	Cabo Verde	7.44
3 rd	Uganda	6.63	Kenya	6.89	South Africa	6.88	Cabo Verde	7.14	Gambia, The	7.22
4 th	Botswana	6.44	Botswana	6.75	Ghana	6.8	Gambia, The	7	Seychelles	7.16
5 th	Zambia	6.28	Uganda	6.68	Kenya	6.8	Uganda	6.98	Uganda	6.88
6 th	Tanzania	6.17	Ghana	6.36	Zambia	6.8	Rwanda	6.97	Botswana	6.81
7 th	Kenya	6.09	Zambia	6.34	Rwanda	6.79	Botswana	6.92	Rwanda	6.75
8 th	Namibia	6.04	Namibia	6.3	Gambia, The	6.67	Kenya	6.85	Kenya	6.68
9 th	Mali	5.88	Tanzania	6.01	Botswana	6.57	South Africa	6.82	South Africa	6.5
10 th	Senegal	5.88	Côte d'Ivoire	5.99	Tanzania	6.51	Tanzania	6.64	Ghana	6.43

Source: Gwartney, Lawson, and Murphy, 2023.

Figure 5.2 shows that in the area of Legal Systems and Property Rights, while Botswana scored above the SSA average from 1970 onwards, in 1970 Botswana was ranked just 6th in SSA. Although not a relatively low score, these findings suggest Botswana did not have a tradition of uniquely good property rights that were sustained after independence. Indeed, in this area, across the entire time series analysed (1970–2020), when ranked against all SSA states, Botswana achieved an average of just 5th place.

Figure 5.3 shows that in the area of Size of Government, Botswana usually scored below the SSA and global average. One interpretation of the data in figure 5.3 could be that in 1975 and 1980, given the nation scored marginally higher than the SSA and world average, Botswana had a good unintrusive government thanks to the legacy of constrained inclusive pre-colonial institutions, but these institutions were not maintained well following independence. However, this analysis would be incomplete considering that in Size of Government, compared to the 35 SSA nations for which data are available, Botswana ranked 18th in 1975 and 19th in 1980. While this ranking was not the lowest in the region, it certainly indicates the government of Botswana was far from constrained and, if the elite’s power was traditionally constrained, then this did not continue post-independence.

Similarly, Botswana’s steady increases in overall EFW (figure 5.1) in the decades after independence, and especially between 1985 and 2005, indicates that policy decisions unrelated to either the institutions in place immediately after independence, or the role played by the nation’s first government, were significant in increasing the nation’s degree of liberalism.

Ultimately, the mechanisms through which supporters of Hypothesis A claim Botswana adopted liberal policies after independence are proven predominantly insufficient when analyzed against the empirical data.

Historical analysis of Hypothesis A

Several historical misconceptions may help to explain why Hypothesis A largely fails to stand up to scrutiny when examined against the empirical data. First, traditional *kgotlas* were likely not as inclusive as they are presented in the mainstream literature. While it is argued that consensus among participants was sought (Seidler, 2010: 26), in reality the chiefs had the ultimate say on all decisions. Mgadla (1998) has noted that only a limited number of state matters were discussed at these meetings, with most decisions being made by the elite behind closed doors. The *kgotlas* experienced low levels of participation as they excluded females, males under the age of 30, and, since they did not have “commoner status”, minorities typically did not engage in discussion (Molutsi and Holm, 1990: 325). Given these factors, Swatuk proposes that, although *kgotla*’s provide the “illusion of inclusion and open expression”, ultimately, the agenda was “set and key decisions ... taken by the ruling class” (2005: 109).

The elitist nature of the *kgotla*’s has led several authors, most notably Cook and Sarkin to suggest Botswana should be noted for its historically high levels of social control possessed by the ruling elite, and that the “system contains political practices and laws that are decidedly undemocratic” (2010: 474). Indeed, even today, a significant amount of power lies with the nation’s President, who has unrestrained powers over laws, can withhold the signing of bills; controls the police and information and broadcasting sector (Good, 2010: 2003); is the commander-in-chief of the armed forces; and appoints all ministers. Interestingly, if

power is relatively concentrated with the elite and policy decisions do not involve as much public participation as claimed in the existing literature, this lends credence to Hypothesis C, which suggests good leadership decisions are of first-order importance in determining the degree of Botswana's economically liberal policies.

Second, in Tswana societies, male household heads were given private user-specific property rights to residential plots, the arable fields surrounding each village, and grazing plots further away. However, these communal lands and water resources were ultimately owned and held in trust by the chiefs. Therefore, instead of a strong tradition of property rights, Tswana societies had extensive communal property-rights regimes whereby the chiefs decided who had the right to use which resources (Hillbom, 2014: 169). This power meant that chiefs could divide resources based on political favor and patronage. An example of rent-seeking by the elite can be seen in the late 1920s, when Chief Isang of the BaKgatla tribe used native funds to launch water-development schemes. As Peters (1994: 58) notes, the new boreholes were primarily given to syndicates made up of the tribal elite or directly to elite individuals, which allowed them indirect control of parts of the grazing range.

Third, during the British involvement with the traditional institutions in the colonial era, there was a significant strengthening of the chiefs' power over their people. Lewis suggests that, by working directly with colonial district commissioners, the chiefs used their position "to be rent-seekers" (2006: 7). An example of this rent-seeking can be seen when, from the 1930s, the British began to invest further in the protectorates cattle sector through borehole drilling schemes. Once built, these boreholes were then handed over to "a limited number of relatively influential and wealthy members of Tswana society" (Hillbom, 2014: 165–166). Given the distance between boreholes (8km) and the limited distance cattle can walk before needing a drink (5km), boreholes indirectly gave their owners control of the surrounding grazing range (Peters, 1994). Similarly, veterinary fences and an abattoir were also built and given to the Tswana elite by the British.

British involvement, coupled with domestic practices, led to what Cooper has dubbed a "gate-keeping state" (2002) and in the fifty years following the 1930s, the proportion of the rural population not owning cattle more than tripled (Arntzen and Silitshena, 1989; Hesselberg, 1985: 182).

Fourth, there are several examples of British intervention that cannot be considered benign. The 1899 policy, commonly dubbed the "hut tax", required all Botswana families who owned a hut to pay an annual tax of one pound. Schapera (1947: 32) estimated that in 1943, as a result of the tax's unaffordability, almost half of the nation's men between 15 and 45 years had to work abroad (usually in South African mines) for 9-to-11 months per year. As a result, the economy suffered severely and generations of children were raised without a father present. Other examples of British intervention that cannot be considered benign include: when the British directly replaced the dissident chiefs of the Kwena in 1906 and of the Tawena tribes in 1931; after 1934, when Britain attempted to combine Bechuanaland with South Africa; and in 1948 when the British banned chief Seretse Khama from Bechuanaland following his marriage to Ruth Williams, a white Englishwoman.

Hypothetically, if Botswana's success was largely the result of good pre-colonial institutions that were untouched by the British, this hypothesis also fails to explain why the region was not economically liberal nor successful before or during British rule. Ultimately, the historical analysis demonstrates that the

kgotlas were not as inclusive as usually presented in the academic literature and they became more authoritarian in the colonial era. Similarly, traditional property rights were not fundamentally private, and rent-seeking by the elite within the cattle sector did occur. These factors, coupled with the data analysis, show that British benign neglect combined with good precolonial institutions cannot be considered the primary drivers of Botswana’s contemporary economic liberalism.

Hypothesis B The British left good institutions

Data analysis of Hypothesis B

If the inferences of Hypothesis B were valid, we would expect to find fairly good overall EFW scores (figure 5.1) prior to independence. Similarly, given that advocates of Hypothesis B propose that Botswana sustained Britain’s inclusive institutions and good laws, we would expect the nation to score well in the areas of Legal Systems & Property Rights (figure 5.2) and Size of Government (figure 5.3), especially soon after independence.

The basis of Hypothesis B rests on the claim that British institutions in Botswana were good. However, within the empirical data, the fact that Botswana’s overall EFW score was lower in 1960, when the British formally ruled the colony, than the SSA average in 1970 seems to undermine the proposed benefits of British institutions in the protectorate. The notion that Botswana “sustained the minimal public service structure it inherited from the British” (Acemoglu, Johnson, and Robinson, 2003) also seems unlikely considering that, for Area 1. Size of Government, Botswana ranked just 18th when compared to all other SSA states in 1975.

Hypothetically, scholars could argue that Botswana had marginally higher scores in Legal Systems & Property Rights (figure 5.2) than the SSA and global average between 1970 and 1995 because they inherited and maintained good British institutions. While this analysis could be true, it does little to explain why Botswana declined in this area after 1995 before making gains following 2004. This fluctuation indicates policy decisions were of greater importance.

Ultimately, while Hypothesis B is not entirely irrelevant and could have provided an explanation for the foundation through which good institutions and policies were improved, it provides an insufficient explanation of the mechanisms that caused Botswana’s steady but substantial increases in liberalism.

Historical analysis of Hypothesis B

Several theoretical and historical factors help explain the predominantly inconclusive outcomes of Hypothesis B within the empirical data. Botswana’s status as a former British colony is partially reflected in its Westminster Parliamentary System and its Western system of law that can be described as Dutch-Roman, but with significant elements of British common law (Beaulier, 2005: 7). However, suppose the inheritance of good British institutions were sufficient in ensuring the implementation of liberal policies and subsequent economic growth. In that case, this claim fails to explain why these outcomes have not occurred in many other former British colonies, such as Zimbabwe or Zambia, if decisions to keep such institutions were not of first-order importance. Furthermore, in analyzing the growth rate of former British and French colonies between 1970 and 2003, Beaulier and Subrick found the results did “not indicate a difference in growth rates” (2006: 106). Therefore, it is probable that Botswana’s status as a British colony is insufficient to explain the nation’s economic growth and institutional strength.

To explain why some British institutions took hold in Botswana and not in the empire's other former colonies, two primary hypotheses have been put forth. First, Seidler notes that Botswana modified the Westminster model to “fit Tswana culture” (2010: 26) so that significantly more power lies with the President. Similarly, on the local level, chiefs maintain important judicial powers and preside over customary courts, meaning traditional law remains practiced through civil law. Second, Beaulier proposes Botswana maintained decent foundational British laws and institutions because “unlike most African countries, Botswana did not call into question” every element of British common-law and the government of Botswana chose to keep some important aspects (2005: 7).

While it is beyond the scope of this article to determine the validity of these two claims, if they are correct this would indicate that good decisions regarding institutions and policy made after independence were of first-order importance, rather than pre-existence of these institutions alone.

Hypothesis C Good leadership

Data analysis of Hypothesis C

Hypothesis C suggests good leadership and decisions rather than historical factors were the primary reason for Botswana's liberal policies. If this theory is correct, we would expect to find low to moderate levels of liberalism before independence and far greater levels of liberalism, especially when compared to the SSA average, after independence. As Beaulier (2003, 2005) emphasizes the importance of liberal policy choices immediately after independence, we would also expect to see a high score in overall EFW in 1975 (the first data available for an independent Botswana).

Figure 5.1 shows that Botswana's overall level of economic freedom was moderately low between 1950 and 1965 and increased steadily in the decades after independence until about 2005. To a degree, this indicates that the outcomes expected with Hypothesis C are observable in the data findings, namely, Botswana was not particularly economically liberal pre-independence, and it was the decisions made by the government of Botswana after 1966 that led to higher levels of economic liberalism.

However, while figures 5.1, 5.2, 5.4, and 5.5 that show Botswana drastically improved across nearly all metrics of economic freedom in the decades after independence, there is little evidence that President Khama implemented pro-market reforms on a wide front and “liberalized trade ... and kept marginal income tax rates low” immediately after independence (Beaulier, 2003: 236). In the area of freedom to trade internationally (figure 5.4), Botswana scored just 2.46 in 1975, meaning it ranked 16th out of the 24 SSA nations for which data are available. Similarly, in the same year, Botswana scored a zero for top marginal income tax rate and top marginal tax rate. Given that substantial liberalization took place decades after independence and indeed, after Khama's death in 1980, this indicates the extent of Botswana's liberalism cannot solely be credited to Khama's administration immediately after independence. This being the case, Beaulier's (2003) emphasis on the value of Khama's liberal policies immediately after independence should be removed, and the importance of good decisions by post-independence leadership more broadly, should be emphasized.

Historical analysis of Hypothesis C

Given that the alternative Hypothesis D builds upon Hypothesis C, the historical analysis of this theory is integrated into its analysis below.

6 New hypothesis—the role of stability and good decisions

Theoretical arguments of the new Hypothesis D

Hypothesis C demonstrates that the decisions by the government of Botswana are a necessary variable for explaining why Botswana became economically liberal. However, this explanation does not provide a holistic account of how or why successive governments implemented liberal policies over several decades. To overcome this problem, Hypothesis D proposes that the stability of the Botswanan state is the primary mechanism that explains “how” good liberal policies were implemented over the decades in Botswana. In addition, while good leadership did play a role, there were a range of significant external and internal constraints that limited the Overton window through which policy decisions could be made. These constraints mean “good decisions”, rather than “good leadership” alone, more adequately explains why Botswana’s liberal policies were introduced.

Importance and evidence of stability

Many academic works indicate the positive relationship between stability and better policies, and economic growth. First, Olson (1993) found that stability during transitions of power and a consensus among the citizenry for their rulers results in governments that are more likely to prioritise long-term development rather than act as a “revolving bandit” that pillages the nation’s wealth. Similarly, Grossman (2000) suggests greater political stability and the lower likelihood of revolution lead to governments that are less likely to adopt predatory extractive policies, especially regarding natural resources.

Second, as Pritchett and De Weijer (2010: 2) point out, if fragile states move too quickly to implement good policies, it risks undermining already limited state capability. Being unable to enforce better laws often leads to worse economic outcomes than if no intervention happened in the first place (Pritchett and De Weijer, 2010: 33). Instead, Pritchett and others, such as Grindle (2004), suggest sustained economic growth must rely on incrementally implementing good policies, which are fundamentally underpinned by governmental stability. As seen in the steady rise of economically free policies in the decades after independence, this almost certainly occurred in Botswana.

Third, the main political opponents to the Botswana Democratic Party for the first three decades of independence were socialist parties who were economically nationalist and desired to nationalize land and industry. For this reason, it is improbable that the extent of Botswana’s liberalism today could be achieved without the stability of the BDP, especially between 1966 and 2005, when the most liberalization took place.

Stability in the decades after independence in Botswana is visible in various areas. Despite the 80 successful *coup d’états*, 108 failed coup attempts, and 139 coup plots across 48 independent countries of sub-Saharan African between 1956 and 2001 (McGowan, 2003: 340), Botswana has never had one. Similarly, Botswana has only ever had peaceful transfers of power, and the BDP has won every election since 1965. The EFW data (tables 5.1a and 5.1b) also highlight a regionally unrivalled degree of stability in the continued maintenance and improvement of economically liberal policies.

Reasons for stability

Many factors may explain Botswana's relative stability in the decades after independence. First, with 79% of the population identifying as Tswana (CIA World Factbook, 2023), Botswana is relatively homogenous. While Schapera (1952) and Parsons (1999) found that only around 50% of Botswana's population are genetically Tswana, Robinson (2009: 9) and Seidler (2010: 29) suggest this homogeneity helped ensure more aligned political beliefs, less conflict, and greater trust after independence. However, homogeneity should only be considered one of several factors underlying Botswana's stability, not a singular explanation for the nation's success. After all, Lesotho is more homogeneous than Botswana (98% identify as Basotho) and has a linguistic, cultural, and institutional inheritance similar to that of Botswana (Acemoglu, Johnson, and Robinson, 2003: 107), yet it is not nearly as stable or economically liberal.

Another reason for Botswana's stability could be the interconnectedness of the elite. Many members of the first cabinet were educated at Tiger Kloof Educational Institute, most came from families with cattle wealth, most sat on the British African Advisory Council of Bechuanaland, and later the Legislative Council, and the majority were actively involved in drafting the BDP's constitution, working together as early as 1961. To put into perspective the interconnectedness of the nation's rulers, after Khama died in 1980, Quett Masire, who had been vice-president since 1966, became president until 1998. The country's fourth president, who served between 2008 and 2018, was Ian Khama, the son of Seretse Khama. The current president, Mokgweetsi Masisi, is the son of Edison Masisi, a member of parliament between 1966 and 1999, who attended Tiger Kloof with Masire. This interconnectedness is not surprising considering that at independence, the nation had just 22 university graduates, most of whom were actively involved in the first government. However, more surprising is the ideological consistency of the first cabinet: none were followers of South African nationalist movements, none were economically nationalist in their outlook, and they encouraged multiracialism.

The hereditary significance and ideological leaning of BDP leaders also likely helped with stability. While Khama was chief of the Bamangwato, and other BDP leaders had hereditary ties, the rival party at the time of independence, the Botswana People's Party (BPP), comprised commoners who actively called for the end of hereditary rule. As Selolwane (2002: 71) notes, this message largely failed to resonate with the citizenry. Polhemus (1983: 405) also suggests that the BPP failed to attract support from the tribal elite as it portrayed itself as a socialist party intent on nationalizing land, resources, and all industries. The Botswana National Front (BNF) faced a similar problem because, until the mid-1990s, they were also a socialist party intent on abolishing private land tenure. As the traditional elite was centralised within the BDP, this could have reduced the chance of civil war, coups, and instability.

This chapter does not argue that the political dominance of an interconnected elite is beneficial for nations. Instead, in the case-specific example of Botswana, it likely led to a greater level of stability and liberalism than would otherwise be the case, given the socialist inclinations of alternative political parties.

Constraints on leadership that fostered better policies and stability

A potential criticism of Hypothesis D could be that, if the elite were stable and had significant power, why did Botswana not descend into a kleptocratic oligarchy?

To answer this, it is worth considering the important constraints on the elite's decision-making in the first few decades after independence.

First, for 11 years of independence, Botswana had no army. Yet, between 1966 and 1980, and even until the early 1990s in the case of South Africa, Botswana was surrounded (apart from a 135-metre border with Zambia) by white-ruled states who were openly hostile to African-majority rule. This meant the government of Botswana was discouraged from embracing radical communist and racist policies. Had they done so, the likelihood of attacks, economic isolation (a significant threat given the elite's cattle-trading interests), or even invasion from South Africa, would have been significantly higher. After all, despite UN objections, Namibia was ruled by South Africa until 1990, and Dale (1987: 77) has highlighted the legitimate fear within the government of Botswana of a possible invasion.

Not having an army also reduced the chance that a political opponent, or ambitious general, could take over the military and attempt a coup. Similarly, a lack of an army and a minimal police force meant that the government of Botswana had to maintain strong electoral support, as the effectiveness of any revolution from a dissatisfied populace would be greater. Finally, as Gupta, de Mello, and Sharan (2001: 751–753) propose, a lack of an army also reduces the likelihood of corruption. Although an army was created in 1977, the force's spending was minimal.

Second, Botswana's economy was in a precarious situation at the time of independence and in the years following. Botswana relied on the British exchequer and foreign aid, and later on diamond revenues, to fund basic governmental expenditure. If the Botswanan elite implemented far-left policies, it would have likely significantly reduced the funds the protectorate received from the British, the International Monetary Fund, the World Bank, and given their stance that nationalist movements would only benefit from their development assistance if they guaranteed capitalist policies, the United States too (Selolwane, 2002: 74–75). Similarly, as Botswana relied on diamond revenues, the nation's success was tied to De Beers. If bad policy decisions had been made and De Beers did not initially invest in the country, it would have been an economic catastrophe for Botswana.

Historical analysis of Hypothesis D

Undoubtedly, the post-independence Botswana leadership had several beneficial qualities from an economically liberal and human-rights perspective. While Hypothesis D acknowledges the merits of the good-leadership explanation implicit in Hypothesis C, it suggests the important external constraints on the elite's decision-making after independence help provide a more accurate account as to why liberal policies were introduced.

Good decision-making and external constraints can intertwine. For example, after independence, Khama made good decisions to retain British civil servants until the local population could replace them and invited the white community into the BDP (and even gave them cabinet roles). While these decisions likely reflected Khama's personal beliefs, he was relatively constrained in these choices. If Khama expelled the white population, it would have likely undermined De Beers' confidence in the country, reduced the trade in the beef between Botswana

and the United Kingdom (and other neighboring states) upon which the elite was economically dependent, and antagonized white-ruled South Africa and Rhodesia, which could threaten geo-security.

Hypothesis D's validity and the important role of external constraints on the elite's decision-making is further strengthened when we consider, as outlined in the historical analysis of Hypothesis A, that the elite did engage in significant rent-seeking behavior within the cattle industry when there were no clear adverse consequences for them to do so. Hypothesis C's insistence just on good leadership cannot explain this rent-seeking.

While it was a good decision of the Batswana elite not to personally benefit from, or nationalize, diamond mines, a degree of luck and other constraints played a role in this decision. First, it is fortunate that diamonds were only found after independence, meaning the ruling elite had no incentive to go into politics to plunder these resources. Instead, for most political elites, protecting their cattle interests was paramount. Second, as Botswana's diamonds are found in a kimberlite matrix, they require huge amounts of capital and skill to extract successfully, meaning external assistance was needed. The first diamond mine in Orapa, for example, was funded by De Beers at the cost of 26 million rand (US\$36 million; Silitshena, 1978: 46), equal to one third of Botswana's GDP in 1971 (World Bank, 2023b).

Ultimately, good decisions influenced by external constraints helps to explain why Botswana's liberal policies were introduced. However, given the time frame over which these policies were implemented, the stability of the government of Botswana and the nation as a whole provided the basis from which these policies could be implemented.

Data analysis of Hypothesis D

As the empirical EFW data, historical factors, and the chronology of Botswana's liberal policies provided the foundation for Hypothesis D, the expected outcomes of these proposed causal mechanisms align with the EFW data. Namely, stability (be it ideological, political, militaristic or economic) allowed the government of Botswana to steadily increase economic freedom, thanks to good (albeit perhaps constrained) decisions.

Across nearly all areas of economic freedom, Botswana steadily became more liberal in the decades following independence. While a sizeable increase in economic freedom occurred between 1985 and 2005, this process represented an acceleration of existing trends and was fundamentally possible as a result of the stability of the Botswana Democratic Party.

Botswana's stability and incremental improvements in liberalism are reflected in figure 5.1, which demonstrates that Botswana is the only nation in sub-Saharan Africa to remain in the top 10 freest economies in sub-Saharan Africa from 1975 to 2020. While many African nations briefly embraced economic liberalism before later embracing nationalist policies associated with the various forms of "African Socialism", a significant shift in policy or ideology within the government of Botswana never occurred. Ultimately, it is only when combined that the explanations from stability and constrained good decision-making provide a necessary and sufficient account of the observed outcomes in the empirical data.

7 Contemporary analysis

The findings of this chapter could have immense significance for Botswana's future. Namely, the factors that promoted stability and those that constrained the Overton window of leadership decision-making in the decades after independence have become increasingly insignificant. Some examples of the unravelling of these constraints include the following.

1. With tens of billions of dollars already invested in Botswana and immense dependence on the nation's mines, it is extremely unlikely De Beers will pull out of the nation in the coming decades. Indeed, in July 2023, De Beers and the government of Botswana agreed that, among other things, the company would invest as much as \$825 million in the nation over the next ten years (Eligon, 2023). Before these massive investments were made in the 1960s and 1970s, poor policy decisions may have deterred De Beers, which the Botswanan economy could not afford.
2. Today, Botswana has mainland Africa's highest GDP per capita (World Bank, 2023b). As such its economy is not reliant on foreign aid or, to a large degree, the policy desires of the other nations. This means, where once infeasible, Botswanan policy makers may decide the nation can "afford" to implement more protectionist policies. The recent ban on the importing some South African foodstuffs and the new limitations on foreigners owning businesses in certain sectors may exemplify this phenomenon (The Economist, 2023).
3. The threat of invasion is now negligible.
4. Most of the Tswana leadership are no longer dependent on cattle (or another external source) for their wealth and thus have no significant cattle-trading interests to protect.

Similarly, the factors that may have once promoted stability are also less prevalent today. First, the BDP's vote share has declined from an average of 72.2% from 1965 to 1989 to 52.7% between 1994 and 2019. Indeed, in 2019, the main opposition party, the Umbrella for Democratic Change (UDC), which is an alliance of Botswana's predominantly center-left parties (including the BNF, BPP, Botswana Congress Party, and Botswana Movement for Democracy), received a vote share of 35.8%—the second largest for any opposition party in Botswana's history, despite being formed only seven years earlier (IFES, 2019). The increasing uncertainty of success in the next election may play into Grossman's (2000) theory that less stable leaders are more likely to adopt extractive policies—especially if they have no independent source of wealth outside of politics.

Furthermore, significant rifts among the Botswanan elite have occurred in recent years. These disputes are perhaps best highlighted in the recent arrest warrant issued for former President Ian Khama, his self-exile in South Africa, Khama's claims that he has been the target of three attempted poisonings, and the government of Botswana's claim that Khama is trying to launch a coup (The Economist, 2023). After he left the BDP in 2019, Khama launched the Botswana Patriotic Front and, although the party joined the UDC in 2022 (thus potentially increasing the UDC's vote share in the next election in 2024), it independently won three seats in the 2019 election, all in the Khama family's home region—further

indicating some possible regional splinters. Finally, at a comparatively high 2.9%, Botswana’s military expenditure as a percentage of GDP is the joint third highest in SSA (World Bank, 2023f). Although a military-led coup is unlikely today, this factor was not present in Botswana’s first 11 years of independence.

While Botswana has not declined precipitously in any area of the EFW data in recent years, the nation’s economic freedom has largely stagnated or, in some cases, marginally declined since 2005. Indeed, the nation’s overall EFW score in 2021 is 6.81, only slightly above its 2005 score of 6.71. Even more discouraging, Botswana’s score in Legal Systems & Property Rights has steadily declined from its peak of 6.37 in 2005 to just 5.91 in 2021. Similarly, for Size of Government the nation reached a peak of 6.90 in 2012 and has declined by 0.52 points to 6.38 in 2021. However, despite this relative stagnation and, in some cases, marginal declines there are increasingly worrying signs from the nation, in part due to the unravelling of pre-existing constraints and stability that may undermine the nation’s freer future.

For example, at the UN Human Rights Council’s Universal Periodic Review (UPR), Botswana’s human-rights record was examined for the fourth time in May 2023 (the first, second, and third being in 2008, 2013, and 2018). The UN has criticized the nation’s human-rights record, and more than 30 UN member states made recommendations for how the nation can improve; many of these focused on increasing freedom of expression, press freedom, and ensuring the protection of opposition politicians, journalists, and activists. Judge Dumisa Ntsebeza of the African Court on Human and Peoples’ Rights (an African Union body) and Cherie Blair, a human rights lawyer, have stated Botswana was experiencing a “backsliding on civil and political rights” that is leading to an “anti-democratic repression and a rising tide of political persecution” (Ndebele, 2023).

The Southern Africa Litigation Centre has described governmental interference in civil and political rights as “profoundly alarming” (Ndebele, 2023). Further, the US State Department identified many human-rights issues in its 2022 country report, which highlighted examples of the arbitrary arrest of opposition political figures, and abuses committed by security forces, including dispersals of peaceful protests (Bureau of Democracy, Human Rights, and Labor, 2023). All of this led *The Economist*, in June 2023, to publish an article titled “Botswana, an African Success Story, Looks Ever Less Exceptional”, in which they suggest “Botswana is becoming more volatile, nationalist, populist—[and] no longer such a rare gem” (The Economist, 2023).

This chapter has found that good, although often constrained, decisions by the ruling elite, coupled with political and socio-economic stability, have been the driving factor in the implementation of liberal policies in Botswana. While the alarming stories coming from Botswana over recent years have yet to result in a significant impact on their EFW score, the unravelling of the constraints that once helped ensure good policy decisions, along with the stability that once underpinned them, is a concerning development. However, this chapter has shown that fundamentally, policy choice rather than historical determinism is the origin of Botswana’s economic success. For this reason, with the right policies going forward, there is an opportunity for Botswana to transcend its current stagnation and excel once again.

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