The Institutional Origins of Inequality in Sub-Saharan Africa

Nicolas van de Walle
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By

Nicolas van de Walle

Abstract

This paper seeks to provide a political explanation for the unexpectedly high levels of inequality found in the African region today. There is much variation within the region, however the common history and structural factors suggests a distinctly African kind of inequality. The paper describes the recent literature on African inequality and examines the limitations of traditional explanations for inequality in Africa. Instead, it is argued that natural endowments in the region shaped the nature of colonial institutions, which in turn created the conditions for high levels of inequality. The author concludes that the surprisingly high levels of inequality in Africa can be understood as part and parcel of a process of class formation linked to processes of state building that have their origins in the economic institutions of the early colonial state. Colonialism favored, in relative terms, certain indigenous groups, which often inherited the state at independence. Insofar as political power has often been used to gain economic advantages during the post-colonial era, inequality has changed little over the course of the last forty years, despite the official focus on development and poverty alleviation by donors and governments alike.

About the Author

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The Institutional Origins of Inequality in Sub-Saharan Africa

Introduction: The Puzzle of Socio-Economic inequality in Sub-Saharan Africa

For a long time, a stylized fact among economists held that sub-Saharan Africa possessed the lowest levels of interpersonal inequality among the less-developed regions of the world. In the absence of reliable comparative distribution data, this view was buttressed by economists’ understanding of the main structural causes of inequality in developing countries. A primary cause of social inequality was viewed as the distribution of major economic assets, particularly access to land rights. In fact, most of sub-Saharan Africa does not have the highly skewed patterns of land distribution characteristic of the Latin American latifundia, and the problem of landlessness, an overwhelming source of desperate poverty in South Asia, was said to be virtually absent in Africa, thanks to historically low population densities. Southern Africa offers significant exceptions to this stylized fact, of course, and so economists expected South Africa or Zimbabwe, for instance, to have high levels of inequality – but not the rest of Africa.

Second, the influential Kuznets Hypothesis, (Kuznets, 1955) according to which inequality rises during the process of industrialization before declining again, following an inverted U pattern, suggested that low-income SSA would have lower levels of inequality than middle income Latin America, for example, which was further along in the process of economic structural transformation (for instance, Fallers, 1964) Even as mounting empirical evidence started to weaken the credibility of the Kuznets Hypothesis, most observers still held onto the logic that inequality was less likely in economies in which there had been relatively little capitalist accumulation (for instance, Hyden, 1983, p. 22). By this argument, as well, the poorest, least industrialized countries in Africa were expected to have low levels of inequality, while middle income South Africa was expected to have higher levels of inequality.

1 Though the usual disclaimers apply, the author thanks Leslie Elliot Armijo, Cathy Boone, John Echeverri-Gent, Gero Erdmann, John Gerring, Jonathan Krieckhaus and Daniele Resnick for their helpful comments on an earlier draft.
As more income distribution data on African economies has finally become available in the course of the last two decades, the relatively high levels of inequality throughout sub-Saharan Africa has provided a major surprise. As shown in Table 1, the comparative numbers suggest average inequality levels in Africa to be broadly comparable to those in Latin America and considerably higher than those in Asia.

Table 1: Inequality in Africa, Asia and Latin America (around 1998)

<table>
<thead>
<tr>
<th>Inequality</th>
<th>Africa</th>
<th>Asia</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Country Gini</td>
<td>47.1</td>
<td>35.6</td>
<td>50.5</td>
</tr>
<tr>
<td>Gini standard deviation</td>
<td>7.9</td>
<td>7.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Minimum Gini</td>
<td>38</td>
<td>23</td>
<td>39</td>
</tr>
<tr>
<td>(Madagascar)</td>
<td></td>
<td>(Japan)</td>
<td>(Barbados)</td>
</tr>
<tr>
<td>Maximum Gini</td>
<td>66</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td>(Lesotho)</td>
<td></td>
<td>(Papua New Guinea)</td>
<td>(Columbia)</td>
</tr>
</tbody>
</table>


A number of economic studies have sought to explain this somewhat unexpected result (Milanovic, 2003; Okojie and Shimeles, 2006; Moradi and Baten, 2005). Finding that it is not easily explained by the standard economic correlates of income distribution, they have typically alluded to the importance of political factors and political economy dynamics to explain Africa’s higher than expected levels of inequality, but without much investigation. Milanovic (2003), for instance, suggests that high levels of inequality can be associated with Africa’s high levels of ethnic heterogeneity, but argues the causal mechanisms that lead from ethnic heterogeneity to inequality are unclear.

Curiously, for its part, the recent political science literature on domestic inequality in the developing world is sparse, and on sub-Saharan Africa, it is virtually non-existent. Political scientists have been considerably more interested in explaining the global inequality across nations, but have devoted negligible attention to domestic inequality.
Inequality is sometimes utilized to as an explanatory variable in studies of conflict or political instability, but rarely as a variable to be explained. The recent report of American Political Science Task Force on Difference, Inequality and Developing Societies (2007) provides a good example; the half of the report that is on domestic inequality rather than global inequality concerns mostly the consequences of inequality for economic growth and political stability. The report is actually fairly vague regarding the causes of inequality in the developing world, and very little of the data concerns low-income Africa.

A better understanding of Africa’s surprisingly high inequality is important. As just suggested, inequality is widely viewed as having a negative long term effect on the prospects for political stability. Understanding the causes of inequality, thus, is a first step towards understanding and preventing political instability. In addition, and no doubt not coincidentally, an emerging literature has established that inequality has negative consequences for economic growth and poverty alleviation (Alesina and Rodrik, 1994; Perotti, 1996; Persson and Tabellini, 1992; and Nel, 2003 on Africa). Scholars also agree that democracy is less likely to flower in highly unequal societies (eg, Boix, 2003).

In sum, this paper seeks to provide a political explanation for unexpectedly high levels of inequality found in the Africa region today. I focus on the factors shared by the 48 different countries in the region, though I also sketch out some tentative hypotheses on the factors that account for differences across the countries. As will become evident, there is much variation within the region, but at the same time, the common history and structural factors make it tempting to try to identify a distinctly African kind of inequality.

The paper’s next section describes the recent literature on inequality in the region. A certain number of stylized facts about the region are established, even if significant gaps in the availability of distribution data preclude unambiguous conclusions about the longitudinal trends, though these are asserted in the literature not infrequently. A third section examines three traditional explanations for inequality in Africa and finds their
explanatory power limited. A fourth section then turns to the structuring impact of colonial rule on income distribution. It is argued that natural endowments in the region shaped the nature of colonial institutions, which in turn created the conditions for high levels of inequality. A fifth section extends the argument to the post-colonial period and suggests that inequality should be understood as a side product of a process of elite formation in the states of the region. The section comes to grip with the persistence of inequality following independence. Most of the paper focuses on modal patterns in the continent, but a sixth section examines the possible causes of the inter-country variation in inequality that is observed. A final section concludes.

The Characteristics of Contemporary Inequality

The low quality and dearth of distribution data for Africa enormously complicates the task of this paper. Over the course of the last two decades an increasing number of household and individual surveys of consumption, income or expenditures have been undertaken in Africa that allow us to estimate the level of inequality in the region. Nonetheless, the different methodologies used and data quality issues seriously limits the degree of comparability across time and country. Cross national comparisons typically involve a small number of data points for no more than two dozen of sub-Saharan Africa’s 48 countries. Nor are coverage gaps random: fewer studies get done in the poorer and less politically stable countries, which may well have characteristics that correlate with income distribution dynamics. Different surveys vary in the unit of analysis (individuals or households), the sample (total population, population in the primate city, population of a specific region or province and so on), and the focus of the distribution (income, consumption, expenditures). These differences result in sometimes sharply different distribution data, but are not clearly comparable across countries.

These same problems cloud the issue of longitudinal trends. The first attempt to collect systematic inequality data from the developing world is reported in Deininger and Squire (1996 and 1998), and they argued only 8 national data points of acceptable quality exist before 1980 for the 48 countries in sub-Saharan Africa. The current comprehensive UNU-WIDER data base on inequality lists a total of 36 surveys for 16 countries (see
Table 3, below) between 1945 and 1965, but none of the surveys receives UNU-WIDER’s top rating for quality, and only a single one (Madagascar, in 1962) gets the second highest rating. Thus, and though the quality of the surveys appears to have improved over time, one must be exceedingly careful about conclusions regarding longitudinal trends in individual countries.

With these caveats in mind, Table 2 provides the available Gini coefficients for African countries between 1995 and 2004. Gini coefficients are widely viewed as the best single overall measure of inequality. While there are other measures with merit (Fields, 2001; Milanovic, 2005), the broad availability and general recognition of the Gini leads this paper to adopt it as the main measure of inequality. Table 2 provide both an estimated Gini coefficient from the latest available surveys with a quality rating\(^2\), as well as an average of different estimated Gini coefficients from different surveys during this period. When there was only one survey during the period, the same Gini is reported in both columns. While the differences between the columns provide some pause, these numbers do provide a composite view of contemporary social inequality in the region.

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\(^2\) WIDER (2007) provides a data quality rating with 1 as the highest quality and 4 the lowest quality.
Table 2: Income Inequality in Sub-Saharan Africa, 1990 - 2005

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Latest Gini</th>
<th>Survey Quality</th>
<th>Average of Surveys, 1990 - 2005 Gini</th>
<th># of surveys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>2003</td>
<td>36.5</td>
<td>3</td>
<td>36.5</td>
<td>1</td>
</tr>
<tr>
<td>Botswana</td>
<td>1994</td>
<td>53.7</td>
<td>2</td>
<td>48.5</td>
<td>4</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>2003</td>
<td>39.5</td>
<td>3</td>
<td>56.9</td>
<td>8</td>
</tr>
<tr>
<td>Burundi</td>
<td>1998</td>
<td>41.8</td>
<td>3</td>
<td>37.6</td>
<td>2</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1996</td>
<td>50.8</td>
<td>1</td>
<td>51.5</td>
<td>3</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>1992</td>
<td>61.4</td>
<td>3</td>
<td>60.4</td>
<td>3</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>2002</td>
<td>44.5</td>
<td>3</td>
<td>41.2</td>
<td>5</td>
</tr>
<tr>
<td>Djibouti</td>
<td>2002</td>
<td>40.9</td>
<td>3</td>
<td>42.5</td>
<td>3</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1995</td>
<td>52.7</td>
<td>2</td>
<td>42.6</td>
<td>7</td>
</tr>
<tr>
<td>Gabon</td>
<td>1994</td>
<td>44.1</td>
<td>3</td>
<td>44.1</td>
<td>1</td>
</tr>
<tr>
<td>Gambia</td>
<td>1998</td>
<td>47.1</td>
<td>3</td>
<td>57.4</td>
<td>9</td>
</tr>
<tr>
<td>Ghana</td>
<td>1999</td>
<td>40.7</td>
<td>3</td>
<td>40.3</td>
<td>7</td>
</tr>
<tr>
<td>Guinea</td>
<td>1994</td>
<td>55.1</td>
<td>2</td>
<td>49.0</td>
<td>6</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>1994</td>
<td>44.3</td>
<td>3</td>
<td>50.0</td>
<td>2</td>
</tr>
<tr>
<td>Kenya</td>
<td>1999</td>
<td>62.5</td>
<td>3</td>
<td>61.1</td>
<td>6</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1999</td>
<td>60.0</td>
<td>3</td>
<td>52.7</td>
<td>6</td>
</tr>
<tr>
<td>Madagascar</td>
<td>1993</td>
<td>48.5</td>
<td>1</td>
<td>48.1</td>
<td>6</td>
</tr>
<tr>
<td>Malawi</td>
<td>2004</td>
<td>39.0</td>
<td>3</td>
<td>50.1</td>
<td>3</td>
</tr>
<tr>
<td>Mali</td>
<td>2001</td>
<td>40.1</td>
<td>3</td>
<td>55.3</td>
<td>4</td>
</tr>
<tr>
<td>Mauritania</td>
<td>2000</td>
<td>39.0</td>
<td>3</td>
<td>45.8</td>
<td>4</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2001</td>
<td>37.1</td>
<td>2</td>
<td>37.7</td>
<td>4</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2002</td>
<td>47.3</td>
<td>3</td>
<td>43.4</td>
<td>2</td>
</tr>
<tr>
<td>Namibia</td>
<td>1993</td>
<td>73.9</td>
<td>3</td>
<td>73.9</td>
<td>1</td>
</tr>
<tr>
<td>Niger</td>
<td>1995</td>
<td>50.6</td>
<td>3</td>
<td>46.2</td>
<td>3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2003</td>
<td>43.7</td>
<td>3</td>
<td>59.4</td>
<td>7</td>
</tr>
<tr>
<td>Rwanda</td>
<td>2000</td>
<td>45.4</td>
<td>3</td>
<td>45.4</td>
<td>1</td>
</tr>
<tr>
<td>Senegal</td>
<td>2001</td>
<td>41.3</td>
<td>3</td>
<td>49.1</td>
<td>6</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>2003</td>
<td>39.0</td>
<td>3</td>
<td>39.0</td>
<td>1</td>
</tr>
<tr>
<td>South Africa</td>
<td>2000</td>
<td>56.5</td>
<td>3</td>
<td>44.6</td>
<td>5</td>
</tr>
<tr>
<td>Swaziland</td>
<td>2001</td>
<td>50.4</td>
<td>3</td>
<td>54.8</td>
<td>2</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2001</td>
<td>36.7</td>
<td>2</td>
<td>41.4</td>
<td>6</td>
</tr>
<tr>
<td>Uganda</td>
<td>2002</td>
<td>45.7</td>
<td>3</td>
<td>50.0</td>
<td>9</td>
</tr>
<tr>
<td>Zambia</td>
<td>2004</td>
<td>50.8</td>
<td>3</td>
<td>49.3</td>
<td>14</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1995</td>
<td>73.1</td>
<td>3</td>
<td>67.7</td>
<td>3</td>
</tr>
</tbody>
</table>

**AVERAGE:** 48.1 49.2

Source: UNU-WIDER
The estimated Gini coefficients provide a first glance at income inequality in the region. The least one can say is that there appears to be remarkable variation. Gini coefficients above .6 are generally viewed as exhibiting extreme levels of inequality. Yet five countries are at this level or close to it (Lesotho, CAR, Kenya, Zimbabwe and Namibia). At the other extreme, 5 countries are below .4, which puts them below average for all developing countries.

How have these data evolved over time? The data reported in UNU-WIDER includes data on 16 countries from the late 1950s and early 1960s. The average Gini coefficient reported for these countries is .49, so very similar to the average for the present period reported in Table 2. The economics literature similarly does not suggest a strong trend over time. Deininger and Squire (1998) suggest that average inequality levels in Africa declined between the 1960s and the 1990s. For his part, and with more recent data, Milanovic (2003) agrees that inequality declined in the immediate post-independence years, but suggests that it has been increasing since the early 1990s. Artadi and Sala-i-Martin (2003) report a steady increase in inequality for Africa throughout the post-independence period. In fact, it is hardly clear there is a single regional trend over time. The latest version of the World Bank’s POVCALNET data, which provides perhaps the most comparable data set of cross national income inequality (reported in Ferreira and Ravallion, 2008), reports multiple data points for 28 of the 48 countries in the region; the Gini coefficients they report appear to be increasing in 6 countries, decreasing in 11, and no clear trend is apparent in 11. One problem with characterizing the evolution of inequality over the last thirty years is the existence of multiple data points for only a handful of countries. The POVCALNET reports more than 3 Gini coefficients for only 11 countries. For his part, Milanovic bases his conclusion about regional trends from a comparison of 10 observations in the 1960s, 3 in the 1970s, 13 in the 1980s, and with 42 observations in the 1990s. Since data availability is unlikely to be random, but rather correlated with salient factors such as the number of settlers in the country, the level of GNP, the level of intra-state conflict, or the national concern with policy issues relating to inequality, conclusions about longitudinal trends seem largely hypothetical.
What are the other characteristics of the inequality that is observed? A large literature suggests that overall inequality is both caused by and related to certain characteristic social patterns in the region. Thus, Sahn and Stifel (2003) find very sharp inequalities in asset holdings, particularly in the countryside. Access to social services such as education and health services is often highly unequal throughout the region, with significant urban/rural, gender and regional disparities (Okojie and Shimeles, 2006 for a good literature review). These different disparities often compound each other; thus, gender imbalances in education or health appear to be more glaring in poorer regions and isolated rural areas (for instance Christiaensen et al, 2003). Indeed, observers have remarked upon the striking nature of spatial inequality in the sub continent, with large differences in income across regions within the same countries, and substantial rural-urban differences. A first stylized fact is that a rich coastal region is in stark contrast to a much poorer hinterland, a phenomenon that is particularly evident in West Africa. A second stylized fact has it that distance from the capital city is positively correlated with poverty (Christiaensen et al, 2003).

**Traditional Explanations for Inequality**

This section reviews a number of standard explanations for income inequality in the developing world.

**The Inverted U hypothesis:** First, a Kuznets like dynamic, in which inequality would be related to the level of economic development, finds little empirical support in the data, a finding already reported in Milanovic (2003). Figure 1 graphs inequality numbers on GNP per capita, and reveals no discernable bivariate relationship. To be sure, some of Africa’s middle income countries (eg Botswana) have relatively high levels of inequality. However, some of the region’s poorest countries (such as CAR), also do. There are some dynamics that are compatible with a Kuznets effect in individual countries, notably in the spatial inequality just described in the previous section. However, they do not appear to have any explanatory power at the cross-national level.
**Land Asset Inequality:** Second, the relationship between the distribution of land assets and income inequality, the other traditional explanation for the level of inequality in developing countries, is tougher to establish for Africa. It has long been established that settler colonies like South Africa or Zimbabwe promoted sharp rural inequality, which resulted in a very small minority of Europeans owning hugely disproportionate shares of the arable land. In South Africa, for instance, whites made up about 5% of the population, yet owned 87% of the land (Manji, 2001, p. 330). There is thus every reason to believe that the observed inequality in a handful of countries is related to the substantial community of settler farms there before independence. Such countries would include Kenya, in addition to countries in southern Africa such as Namibia, South Africa, and Zimbabwe. I return to the issue of the impact of colonialism on inequality below.

On the other hand, there is no comparative data for land ownership inequality, outside of the settler economies of southern Africa. Historically, the view was that tropical Africa was land-abundant and that labor was the major production constraint (Hayami and
Platteau, 1997). Nonetheless, struggles over land have clearly intensified in recent years as population pressures and ecological decline have increased (Peters, 2004; Manji, 2001). The increasingly pervasive struggles over land rights, even in regions in which low population pressures had historically resulted in fairly wide access to arable land, has been much remarked upon. There is, however, no good indicator of this phenomena for the region as a whole, to test for a relationship with inequality. Figure 2 does graph our Gini coefficients against hectares of arable land per capita, data collected by the FAO. It is obviously a very inadequate measure of land asset distribution. What constitutes arable land is notably slippery, particularly in marginal areas. But at the very least, it might be thought that unequal access to land might be exacerbated by higher population pressures on land. Interestingly, however, figure 2 reveals a somewhat counter-intuitive significant positive bivariate relationship between inequality and per capita land; the more land per capita, the higher the level of inequality. The literature has found a similar result for Latin America, a point to which I return below.

**Figure 2: Arable Land and inequality**
Globalization: A third standard explanation for both high levels of inequality in the developing world and for increasing levels of inequality is the nature of the region’s insertion into the global economy. A substantial literature has long argued the global economic factors cause both economic stagnation and inequality in developing countries (American Political Science Association, 2007). It should be noted that these two effects of the global economy need not go together. Global capitalism could cause stagnation, but promote equality, or vice versa. In this paper, I do not address its impact on growth, but only on inequality. The causal mechanism for such a link is not clear. The traditional economics argument provides that foreign direct investment and global trade dynamics increases wages in the receiving low-income economy, as shown by the venerable Stolper-Samuelson theorem, since the latter predicts that the relatively abundant factor of production (low wage labor) benefits from trade openness (but see Davis and Mishra, 2007). This is the logic that leads some observers to argue that the forces of globalization are increasing inequality within the industrialized countries by pushing down wages (for discussions, see Firebaugh, 2003; Krugman and Lawrence, 1993). Since Africa has a comparative advantage in low wage labor relative to the developing countries, one would expect investments to benefit low wage laborers and increase their purchasing power, thus improving the distribution of income.

In any event, since Africa has received very little foreign direct investment over the course of the last thirty years outside of the oil industry in a handful of countries, the generally high levels of inequality observed in the region can not generally be explained by the usual globalization theories. Even in the case of oil producers, the standard argument has to be refashioned: the argument for a link between foreign investment and inequality is usually that salaries in the open part of the economy are lower than average, not higher, as is typically the case with salaries high value, capital intensive oil sector.

A slightly different argument advanced among others by Wibbels (2006) and Rudra (2003) holds that globalization spurs a competitive race to the bottom, in which developing countries withdraw social expenditures and welfare provisions in order to promote competitiveness and attract foreign capital. It might be noted that others,
notably Rodrik (1999) have argued the contrary position that competitiveness implies the need for more proactive governments in order to promote labor productivity. For his part, Moran (2002) argues that foreign firms in developing countries tend to provide higher salaries and benefits than local companies. Regardless, it is difficult to settle the matter without more data on Africa. Unfortunately, Wibbels and Rudra use data on behalf of their argument that mostly includes middle income and non-African cases. On the other hand, Rodrik (1999) offers econometric support for his view that globalization is compatible with equality, as does Anderson and McKay (2004), with African data. The evidence also tends to suggest that low-income export oriented economies have done well on poverty reduction, though there are significant issues of reverse causality in such studies (Harrison, 2007).

In sum, the case for growing international economic integration having a negative causal effect on income distribution in Africa is far from clear, at least within the current data limitations. Moreover, the recent literature suggests that links between growth and inequality are themselves mediated by other, prior, factors. For instance, there is some evidence that in highly unequal countries, growth generates less poverty reduction than in countries with less inequality (Ferreira and Ravallion, 2008), and the reasons are political and institutional in nature (Alesina and Rodrik, 1994). To start to identify these prior factors, I turn to history, and in particular, the impact of colonial institutions.

The Structuring Impact of Colonialism

So much for standard economic arguments. A fourth standard argument moves us to the realm of political economy, and concerns the impact of colonialism on sub-Saharan Africa. It provides a useful starting point from which I will build my own, institutionalist argument. An influential recent literature (Among others Engerman and Sokoloff, 2000; Acemoglu and Robinson, 2001; Hoff, 2003) has argued that natural endowments and the resulting colonial institutions had a powerful structuring effect on the political economies of new world countries. Contrasting North and Latin America, Engerman and Sokoloff (2000) argue that labor scarcities and the economies of scale of the plantation agriculture for which tropical Latin America and the Caribbean were suited resulted in a slave
economy with substantial income and social inequalities, and the control of the state by a land holding oligarchy. Over time, the legacy of these initial endowments was to be a set of political economy institutions which sustained high levels of inequality and slow growth. In contrast, factor endowments and geography resulted in much more egalitarian small holder settler economies in North America that would eventually promote democratic and more responsive government, even if they initially appeared poorer and endowed with less economic potential³. This literature argues that inequality today can be traced back to these initial conditions and their impact on colonial and post-colonial institutions.

How well does such a thesis travel to Africa? For now, I look at modal patterns across the sub-Saharan Africa region. In section 6 below, I address the issue of variation within the region and tackle issues relating to the specific nature of settler colonies in southern Africa. Particularly in tropical Africa, early colonialism in the second half of the 19th century was also shaped by profound labor scarcities, given the devastation brought on by the earlier slave trade, historically low population densities in the forest areas, and endemic diseases that precluded large scale immigration. Much of west and central Africa is also well-suited for crops such as palm oil or sugar, for which there are substantial economies of scale, and which thus lend themselves to plantation style agriculture.

Thus, at least superficially, the initial conditions facing colonists in much of tropical Africa resemble those in Latin America. The differences between colonialism in the Americas and Africa, moreover, are probably even more important to the specific dynamics of stratification observed in Africa. First and foremost, is the question of duration. The colonial era in the Americas lasted roughly three hundred years, from 1500 to the early part of the 19th century, ending decades before the Berlin conference of 1884 partitioned Africa among the European powers and signaled the ‘scramble’ for the region. The several centuries of European control of the Americas created domestic

³ Voltaire is famously said to have referred to Canada as a few acres of snow, reflecting the prevailing 18th century view of that colony’s limited economic potential.
institutional and state traditions that became over time in some sense indigenous to the colony and to colonial society, even when the proportion of the population that was of European descent was a distinct minority. In Africa, on the other hand, the very brief period of colonialism – roughly a six to eight decade interlude between the end of the 19th century and the decades immediately following World War II -- was such that the colonial state was always a foreign creation, superimposed and separate from the local society and its customs with whom it was deeply illegitimate (Abernethy, 2000; Young, 1994).

Critically, Africa presented the colonial powers the same labor conundrums as in Latin America. Of course, European colonization of Africa occurred mostly well after slavery had been formally abolished in the West (in 1833 for the British Empire, and 1848 in France’s holdings), and the prevailing international norms prevented the wholesale adoption of slavery to palliate the labor shortages. Nonetheless, slavery remained a common practice in Africa, not only in the Western economic sectors being structured after the middle of the 19th century, but also in indigenous economic systems further inland. For instance, it is estimated that perhaps as many as half the population were in a state of enslavement in the Muslim states of West Africa (Hopkins, 1973, p. 226; see also Suret-Canale, 1971, pp. 60-67). In any event, the colonial powers used various forms of forced labor when they could, and forced labor practices were only outlawed in Francophone Africa, in 1946 (Hopkins, 1973, p. 219). Throughout, the low population densities, notably in much of the continent’s hinterlands proved to be a major constraint on the economic ambitions of most of the colonial administrators.

Second, with several significant exceptions, European attitudes to their African colonies were shaped by the perception that the latter enjoyed relatively little economic potential. Whereas the earlier colonial episodes in the Americas and Asia had been motivated by the perception of great mineral wealth and the exploitation of high value agricultural crops like sugar, with the exception of southern Africa, the colonization of Africa was delayed for so long precisely because the region was viewed as poor and inhospitable. This view continued to prevail until after World War II, again with the important
exception of mineral rich southern Africa. It might be noted in this respect that West African oil riches were mostly discovered at the end of the colonial era, or after independence (Clarke, 2008). The central colonial debate in Europe in the first half of the twentieth century concerned how to benefit from the African colonies, which were often viewed as a costly and unprofitable servitude for the metropole (eg Marseilles, 1984; Cain and Hopkins, 2001, pp. 565-92; Coquery-Vidrovitch, 1969). As late as World War II, most European governments had established the general guideline that African colonies self finance all their operations and not represent a fiscal burden for metropolitan tax payers.

A third major difference between the Americas and Africa relates to the pacification of the colonized regions. Colonization in the Americas was facilitated by the vulnerability of indigenous populations to endemic European diseases, which literally devastated local populations and allowed exceedingly small groups of Europeans to assert themselves militarily on what had been relatively well-structured and powerful local states. In Africa, on the other hand, there was no such vulnerability and pacification of the continent led to a series of protracted and difficult military conflicts lasting from the second half of the 19th century well into the twentieth century, in other words a substantial proportion of the total period of colonialism in the region (Gann and Duignan, 1969). Even after this initial pacification, there are a number of cases of forceful suppression of indigenous uprisings, right up to independence. In other words, coercion was a significantly more important component of European colonialism in Africa.

Several consequences can be enumerated from this state of affairs that are important to patterns of contemporary inequality. First, the European colonial presence across Africa was exceedingly thin. Outside of southern Africa, only Kenya could claim a non-African population in six figures at independence. Colonial state structures were small: Kirk-Greene (1980, p. 39) estimates at 7,666 the total number of British officials in its African colonies in 1939, including military and police officers. He cites the number of 4,547 French personnel for all of French Colonial Africa in 1950 (p. 38). European settlers, broadly defined as permanent groups of non-Africans who did not work for the
administration, were rarely more numerous. Etemad (2007, p. 191) estimates the entire European population of sub-Saharan Africa (excluding South Africa, but including the settler colonies of Portuguese Africa) in 1938 at 550,000, equivalent to 0.4% of the continent’s total population. The Belgian Congo, the biggest colony in the center of the continent, for instance, included only 24,000 Europeans in 1938 (Etemad, 2007, p. 177), the overwhelming majority of which lived in the colonial capital, Leopoldville, or the mining enclave of Katanga. By way of comparison, Brazil had 390,000 Europeans as early as 1760 (Etemad, p. 21), and by the early twentieth century the least Europeanized Latin American countries could still count on half the population being at least mestizo, the result of several centuries of contact between indigenous and settler populations.

The colonial powers palliated for their weak administrative presence in different ways. Most strikingly, much of the territory was allowed to remain under the rule of local chiefs, who were designated as auxiliaries of the colonial state and charged with collecting a head tax, or implementing the corvée, under which peasants were forced to provide free labor, typically to build rural infrastructure. Different forms of what came to be called ‘indirect rule’ were more likely in rural regions with sparse population and fewer resources (Boone, 2003; Mamdani, 1996). To be sure, this account simplifies and glosses over significant differences in the dimensions of colonial power and its projection. My main point is that large parts of the continent were barely controlled by colonial authorities, let alone administered or developed in any meaningful sense (Herbst, 2002).

Second, given their need to avoid fiscal imbalances and pay their way from local resources, colonial administrations in much of Africa were in effect in low-level equilibrium traps, not least because the region’s infrastructural needs were great, and without a basic infrastructural grid, much of the continent presented few opportunities for capitalist expansion. Thus, colonial states became openly extractive, but on the whole remained modest affairs, without great ambition (eg, on Nigeria, Kohli, 2004), at least until the developmental burst that emerged after World War II, when the inevitability of independence became obvious. The local economy could simply not sustain
development ambitions, at least without significant external funding which was not forthcoming, as neither European tax payers, nor private investors were much interested in the region (eg Cain and Hopkins, 2001, for British Africa).

Until a late flurry of activity in the decade before independence, the colonial state accomplished remarkably little development in its brief existence. With the exceptions of southern Africa, particularly after large amounts of diamonds and gold were discovered in South Africa, and several mining enclaves such as the Copper belt in Zambia and the Belgian Congo, the development of infrastructure was miniscule and overwhelmingly favored coastal areas, where colonial powers typically built their administrative centers. A single railroad line might be built from the coast to the hinterland and a modern harbor built in the biggest city, but otherwise, colonial investments in infrastructure were few. Thus, Fieldhouse (1986) estimates total British and French colonial rail track to be about 18,000 kilometers (excluding South Africa), a ludicrously small amount, given the size of the continent, while total per capita energy production in sub-Saharan Africa to be one tenth of the level of that of other low income countries in 1960.

Under a policy of tax farming, colonial authorities encouraged cash crop agriculture, largely in order to finance the state rather than to promote economic development. Coffee, cotton, cocoa, sisal, palm oil and other crops were encouraged. Because of the small number of European settlers, few large scale plantations actually existed, and colonial administration came to advocate small-holder schemes in which the state controlled marketing operations for crops farmed by Africans on small family farms with little input use (Hart, 1979). In contrast to colonial Latin America, thus, the colonial authorities in Africa did consistently promote small holder agriculture. However, this promotion did not include the intensification of cultivation, with the benefits of improved infrastructure, agricultural extension or improved inputs, all of which would have substantially higher spending levels. As a result at independence, agricultural productivity in Africa lagged prevailing levels in other regions (Fieldhouse, 1986). Similarly, fiscal ambition shaped the development of many of these crops, which were more likely to be aggressively pursued close to a coastline, capital city or navigable river.
Thus, in West Africa, much cotton cultivation was designed for hinterland areas near the navigable Benue and Niger rivers, while cocoa in Ghana and Ivory Coast, or palm oil in Nigeria was designed for areas relatively close to the Atlantic coast (Hart, 1979). In Kenya or Southern Rhodesia, an indigenous smallholder sector were allowed to thrive on the edges of the settler farm economy, for which infrastructure and services had been developed, but was not extended to other parts of the colony. Many of the regional income disparities witnessed today result from these agricultural dynamics in the first half of the 20th century.

Colonial investments in education and health were at first mostly ignored, or designated as the responsibility of the Christian missions. By the 1920s, a rudimentary system of public provision of social policies was put in place, but its inadequacies are too well known to be retold here (Kilson, 1970; Cogneau, 2003). The diffusion of services by the missions in the early colonial period exacerbated spatial inequalities, since the missions made their way inland from the coast slowly, and were less active in regions under indirect rule. In West Africa, this often meant a significant difference in literacy levels at the time of independence between the more Christianized and administered south and the Muslim and indirectly ruled north. For instance, in Nigeria, English literacy in the south hovered just under a fifth of the population by 1940, but was limited to 2 percent in the North (Kohli, p. 313).

Third, instead of promoting economic development, the primary function of the colonial state was to enforce law and order, and in so doing, to demonstrate its own sovereignty over the territory. Given their nature as “the minimalist vehicles of alien hegemony”, in Young’s (1994, p. 215) felicitous phrase, colonial states were not meant to be responsive to citizen needs, since local populations were not viewed as full fledged citizens, but rather as subjects. Given the fresh memories of pacification, the deep illegitimacy of the state in the eyes of Africans meant, in addition, that a primary purpose of the state bureaucracy was to control the population and keep it docile.
For much of the colonial era, governments found it hard to recruit functionaries for their colonies, given the often lethal harshness of the tropical conditions; as a result, the European bureaucracy in most African colonies was both better paid and less qualified than its metropolitan counterparts (Crowder, 1970). The colonial administration thus often recruited officials whose poor performance had limited their advancement in the metropole, and who were attracted by the greater degree of responsibility and discretionary power they were likely to enjoy in the colonies. Combined with the subaltern status and lack of political power of African populations, this state of affairs further undermined the responsiveness of states and contributed to a state culture of imperiousness and self-regard. Colonial states were more corrupt (Tignor, 1993) and often less effective than their metropolitan counterparts.

In sum, social stratification at independence resulted in no small part from these three dynamics. The colonial state’s policies to encourage agricultural commodity production proved successful, due to the very good commodity prices during and after World War II. But commodities like cotton or cocoa were typically farmed by a small minority of farmers, while the majorities of rural populations continued to live outside of the cash economy. Meanwhile, cash farmer incomes were mercilessly taxed, and helped to fuel the significant urbanization of the 1950s, as a class of merchants, state clerks and other service providers rose in burgeoning cities on the coast (Freund, 2007). At the same time, industrialization was slow and halting, and indigenous capitalism discouraged by colonial administrations that worried about the competition indigenous firms might represent for metropolitan industrial firms in the same sectors, and the politically influential colonial trading firms that controlled the trade with the colonies. Again, it is important to emphasize that this nearsighted and deeply conservative economic policy was made possible by the lack of political representation of the local population.

**Inequality and the Construction of the Modern African State**

Thus, African elites inherited a state at independence that was neither responsive nor developmental, in large part because the economic institutions of European colonialism had been shaped to deal with the region’s low economic potential and its failure to attract
European settlers. Its tradition of harsh extractive practices and poor performance had been somewhat attenuated by the burst of developmental investments in the decade before independence, but remained ingrained in the culture of the public bureaucracy. As Englebert (2009, forthcoming) nicely puts it, Africa had at independence “no historical process of social contracting” in which the development of the state is linked to some societal understanding. The colonial state had been imposed on African populations, and at independence, a rapid transfer of power was effectuated to a new state elite, which enjoyed only a thin degree of legitimacy.

The ambitions of the post World War II colonial state had been sustained by high commodity prices, that provided some budgetary surpluses to governments for the first time, and the need to prepare the colonies for independence helped legitimate budgetary support in the parliaments of the metropole for the first time (Cooper, 2002). Nonetheless, this support evaporated quickly after independence, so that aid budgets were almost immediately pressured downwards, while the end of the post-Korean war commodity boom unhappily coincided with the advent of independence. African governments were thus soon faced with tightening budgets, and those with developmental ambitions, such as Nkrumah’s Ghana, were almost immediately bankrupt.

The degree to which class formation in post-colonial Africa was intimately linked to state politics is one of the central themes of the Africanist political economy literature and need not be repeated here. Larry Diamond (1987), Dick Sklar (1979) Jean Francois Bayart (1989) and others have all argued that for emerging elites in post colonial Africa, political power was the quickest and easiest route to economic wealth. Colonialism had bequeathed a shockingly low level of trained man power; the first generation of men and to a lesser extent women to return to the continent with European degrees could expect rapid promotion within government, and typically represented a far more secure path to wealth than a career in the underdeveloped private sector. Bakary (1993) shows how government cabinets in Cote d’Ivoire in the decade following independence were largely composed of members of this exiguous elite with the first available university degrees.
Why did the governments that emerged at independence not do more to lower inequality? An exhaustive analysis is well beyond the scope of this paper, which will limit itself to just three related points will be emphasized regarding processes of social stratification. First, as post-colonial states were constituted, a distinctive process of class formation emerged which exacerbated the patterns set by colonial administrations. Part of the attractiveness of state employment was related to the nature of the colonial administration described above. The relatively smooth transition to independence meant that French and British colonial administrations were indigenized with remarkably few changes. Salaries and benefits were either kept at the same levels or were not adequately transformed to reflect the conditions of local labor markets. Even though inflation was to slowly but surely make inroads into these salaries, one result was that public sector wages were considerably higher relative to wages in the rest of the economy than in OECD countries (Lindauer and Nunberg, 1994). Working for the government, in other words, brought on a substantial premium. This occasioned enormous pressure on governments to increase the number of positions within the bureaucracy, which in any event also had a political logic for governments seeking to increase their popularity, particularly once economic growth began to fail. Again, the rapid growth of the bureaucracy, which commonly more than tripled in size in the first decade of independence is well documented (Lindauer and Nunberg, 1994).

The segments of the population that were most likely to benefit from this system were often regions and groups that had benefited the most from the colonial era. Thus, in West Africa, the state after independence tended to be predominantly peopled by ethnic groups that had been close to the coast or capital city. These groups had typically enjoyed closer and longer contacts to the colonial authorities. In countries like Nigeria, the predominantly Muslim hinterland that had typically benefited much less from the mission-dominated colonial education systems were less likely to have received the first scholarships to go study in Europe. Groups in the hinterland suffered from a legacy of poor infrastructure and communications. Initial advantages were reinforced over time, exacerbating the regional differences that are so striking today.
The expense of maintaining a relatively privileged administration has constituted an important opportunity cost for these states, given their low level of resources. I have documented elsewhere (van de Walle, 2001), the extraordinary cost of the sovereignty expense of the African state, with its large government cabinets, ambitious diplomatic services and various perks of service. Most comparative statistics suggest that African state expenditures have remained relatively small – here again fiscal difficulties have been apparent – but that the share of these expenditures going to recurrent government consumption have been unusually large. The cost in poor countries can be substantial, in foregone poverty reduction programs and the neglect of poorer hinterland regions.

Second, levels of state performance did not improve, following independence, but were characterized by the low standards, traditions of non-responsiveness and non-developmental nature of the state apparatus being inherited. A recent account of public sector practices in West Africa (Blundo and Olivier de Sardan, 2006) suggests just how poor service delivery has continued to be for average citizens in the region. Initially, rapid Africanization of the civil service undermined capacity in many countries, as experienced colonial administrators were replaced. The colonial state’s historic lack of accountability was abetted by the quick breakdown of democracy after independence and the emergence of authoritarian systems that both repressed participation and politicized the civil service, manipulating state resources in a clientelistic fashion to maintain political stability. Of course, the degree of corruption varies across time and place, and it would hardly be accurate to suggest that all state officials have been corrupt, but the literature suggests the extent to which the 1960s and 1970s were characterized by the personal enrichment of state officials and the use of political power to gain economic power (van de Walle, 2001).

A number of scholars (Schatzberg, 2001; Chabal and Daloz, 1999) advance what might be called a redistributive theory of political clientelism and corruption in Africa. In other words, they appear to believe that in low-income states, clientelistic practices can have a positive effect on income distribution. The argument goes that the corruption of political elites actually is recirculated into the economy through the favors, gifts and services that
these ‘big men’ provide to their kin and ethnic communities. That is indeed a mostly implicit legitimating claim of clientelism, that in low income environments characterized by considerably uncertainty and a weak state, the poor rely on the favors of the rich and powerful to survive. It is very hard to test such claims empirically. The argument of this paper, based in part on the reality of the high levels of inequality that the region does exhibit, is that clientelism can not be redistributive. More precisely, the networks in which politically mediated financial gains are redistributed are extremely narrow and do not extend down the social pyramid. The big man redistributes to his immediate kin, but not to the poor within his broader lineage or ethnic group. For them, the gains of clientelism are mostly symbolic, though it may well be the case that patron-client links serve as an occasional insurance mechanism for the poor. In sum and baldly stated, state corruption in the region has been a mechanism for asset accumulation and elite formation rather than poverty alleviation and income redistribution.

The third reason for which post colonial governments failed to alter older patterns of inequality relate to the policies they have pursued, itself the result of the political dynamics just described. In their policies and investments, post colonial governmental commitments to equitable development have been uneven at best. True, the progressive developmental ideology promoted by most post-colonial African governments dramatically enlarged the state’s core mission, despite not improving its performance or responsiveness. Even as the state bureaucracy increasingly combined the faults of colonial administration with an enhanced venality and chaotic growth, it also enthusiastically adopted most donor fashions, from promoting women’s rights to protecting the environment. True, also, the post colonial state has received substantial amounts of foreign aid by donors, who have thus had a real impact on development policies on the continent, some of which have been genuinely redistributive. Nonetheless, the failure of most post-colonial governments to overturn the patterns of inequality they inherited has much to do with the content of the policies effectively implemented over the course of the last forty years.
It is striking, for instance, how little governments have managed to alter the patterns of regional disparity described above that had developed during the colonial era. Few countries successfully diversified away from the small number of export commodities developed in the colonial era that tended to be at the root of these disparities. Thus, Mali and Burkina Faso remain dependent on their cotton exports, the monoculture established by the French colonial administration that to this day benefit only a small minority of rural households, while Rwanda and Burundi remain dependent on coffee exports, and Zambia has relied on copper exports for most of its history. Indeed, regional disparities have worsened in some cases, as in Nigeria, where the increasing role of oil, now accounting for over 90 percent of exports, has actually resulted in the decline of exports for such agricultural commodities as cocoa or cotton that had once enriched specific non-oil regions.

The public policies adopted by governments since independence have in some cases exacerbated the process of social stratification. The tone was set in many countries in the decade after independence when governments used the rhetoric of socialism and nationalism to transfer significant assets belonging to foreigners to the political class (see Rood, 1976). In some countries, indigenization policies had legitimate public policy objectives, even if their long term impact on private sector investment typically proved disastrous, but their implementation was almost invariably politicized and represented a key step in the process of “straddling processes,” in which top political families also came to be prominent families in the world of commerce and industry. Much the same can be said about the redistribution of settler lands in countries like Kenya and Zimbabwe (Jenkins, 1997), in which nationalist and progressive rhetoric during the early post-colonial era disguised the appropriation of the best lands by a remarkably circumscribed number of members of the political elite, so that the land reforms pursued did not actually result in a less unequal distribution of land assets.

In the more industrialized regions of the developing world, the state provided tangible support to the manufacturing sector under the rubric of ISI industrialization during the 1950s and 1960s (Kohli, 2004; Waterbury, 1999) with policies that nurtured and
sustained an urban working and middle class, potentially mitigating inequality. In Africa, where the industrial sector was small and closely linked to commercial interests linked to the colonial metropole (Swainson, 1980) trade policy was never really integrated within a viable industrial strategy, but was instead mostly motivated by the rent-seeking it made possible (Bienen, 1990). Not uncommonly, state agents undermined official trade policies with large scale smuggling and the systematic selling of import licenses (Hibou, 1996). In general, and with some notable exceptions, the trade and exchange rate policies that might have had a positive effect on income distribution primarily served to enrich a small elite and promote the consumption patterns that exacerbated urban bias tendencies.

Other policies have had a less overt but no less real impact on social stratification. Thus, one of the hallmarks of African policy making in the post-colonial era has been the extent to which social policies are woefully underfunded relative to other government expenditures, notably military expenditures, as shown in Table 3.

<table>
<thead>
<tr>
<th>Health</th>
<th>Education</th>
<th>Military</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA Average</td>
<td>1.98</td>
<td>4.18</td>
</tr>
<tr>
<td>Minimum</td>
<td>Nigeria 0.2</td>
<td>Nigeria 0.7</td>
</tr>
<tr>
<td>Maximum</td>
<td>Angola 3.9</td>
<td>Namibia 9.1</td>
</tr>
</tbody>
</table>

(source: Addison, 2001)

It is hard to know for sure, given the often inflated nature of social indicators, and there is clearly enormous variation across states in the region (see below), but the continuing failure to reach universal primary education in much of west and central Africa, or the absolutely dismal nature of health services provision in much of the continent is striking.
In their survey of education outcomes in developing countries, Glewwe and Kremer (2006) show that African countries have consistently underperformed both other regions and even low-income countries in other regions for outcomes such as enrollment rates, average age of schooling and so on. The persistence of low human capital has been a consequence of low social spending, which in turn probably helps account for the low levels of FDI, which might have served to promote more widely distributed economic growth.

A number of studies of social policies in Africa (e.g. Castro-Leal et al., 1999) have, moreover, argued that education and health expenditures have not always served the needs of the poor, and may actually have been regressive in their economic effects. This results from the well known biases of social service delivery in the region; social services tend to favor urban areas over the poorer rural areas. The capital city receives the lion’s share, while hinterland areas far from the capital systematically receive a lower standard of service. Health services favor curative, hospital services that tend to cater to the rich, over preventative health care, which would be more likely to help the poor, including the urban poor which often are unable to access to medical services for economic reasons (Magadi et al. 2003). The per-student expenditures of education policies have overwhelmingly favored secondary and tertiary education over primary education, again with likely regressive effects in countries in which only a small minority of students, typically from privileged backgrounds, go beyond primary schools.

Government tax policies probably also have regressive effects on income distribution. Tax systems have been narrowly based and too reliant on trade and sales taxes. In the first two decades of independence, tax policies exhibited striking urban bias, as states taxed agricultural production in order to finance the state’s expansion and parastatal industrial and agro-industrial schemes, with often devastating impact on rural incomes (Bates, 1981). It was not unusual, for governmental marketing boards to pass on less than 25 percent of the world price of cocoa, coffee or cotton to farmers. Since the incidence of poverty is typically greater in the countryside, such tax policies had regressive impact, as well as deeply negative impacts for economic growth.
In addition, the implementation of tax policies, with enormous leakages and fraud, typically enhanced the regressive nature of the systems. In general, policies are more regressive after implementation, than on paper. One reason is the excessive reliance on supplementary budgets during the course of the fiscal year in many countries, as they invariably are directed at defense expenditures or presidential discretionary programs that are not likely to be progressive. Economists and the public policy literature often treat the regressive nature of public policy as exogenous to the politics of the country. These are viewed as ‘lapses’ of good public policy, largely due to breakdowns in implementation. In part, this public policy view is warranted, in countries in which state capacity is low. Nonetheless, the consistent failure of public expenditures in most African countries to have a progressive impact on income and asset distribution is better understood as endogenous to the process of state formation and class stratification in these countries.

Cross National Variation

This paper has focused on the modal patterns observed across Africa. This section briefly nuances the argument by describing some exceptions to and variation within these patterns. A first exception to introduce is the slightly different logic within the settler economies of southern Africa. Based on a global data set, Angeles (2007) argues that colonialism increased inequality only when European settlers constituted a significant yet minority proportion of the overall population in the colony. Thus, he argues, levels of inequality was lower in colonies such as New Zealand or Australia, in which European settlers were a significant majority of the population, as well as in colonies, such as many of those in Africa, where there were essentially no settler population. Instead, inequality was highest when settlers represented a privileged minority. In Africa, this accords with what we know of a small number of settler colonies in southern Africa, in which colonial authorities acted on behalf of the economic interests of a sizeable minority of white settlers.

By itself, the Africa data in part buttresses Angeles’ claim, since the levels of inequality in the settler colonies are consistently above regional averages. On the other hand, since
among the countries without settlers there remain a number of high inequality countries, the Angeles model clearly only explains a part of the variation observed in the region. It seems likely that the dynamics of inequality in the settler colonies of southern Africa may be somewhat different than the ones discussed here. For instance, I suspect that South Africa follows patterns much more similar to those described above for Latin America, with substantial European immigration and a much earlier pattern of colonization. In other words, though the ex-settler colonies also have high levels of inequality, it may well be for other reasons. Why is inequality then not even higher in these states? It can be hypothesized that settlers created a racist state, but one that was more competent and more responsive to societal needs, largely because of the political power of the settlers, on whose behalf the state wanted to promote economic development, albeit an exclusionary version. The racial inequality promoted by the apartheid state was thus attenuated by the different dynamic of state formation in countries in which a substantial minority of the population was empowered and civil society was allowed to flower, particularly after the onset of black majority rule. What had been white settler institutions became mechanisms of vertical accountability in the new regimes. It is thus suggestive that white settler Southern Rhodesia (to become Zimbabwe) had the highest proportion of school age children in school, 96% in 1960 compared to a continental average of 36% (Fieldhouse, 1986).

For the rest of the Africa region, at least three factors can be hypothesized to account for the variation in inequality levels, and can be sketched out here, in lieu of a more in depth treatment. First, the level of democracy in the system since independence shapes how responsive governments are to societal pressures. This paper has argued that colonialism left a legacy of non-democratic and thus non-responsive state structures. Nonetheless, countries do increasingly vary in their levels of democracy, and it may be hypothesized that in countries in which governments have been less repressive and mechanisms of participation and political competition were allowed to develop following independence, inequality has been somewhat attenuated. Indeed, if this is the case, the democratization in the region since the early 1990s may herald a progressive improvement in the level of inequality. Stasavage (2005) argues that as quickly as a decade after the introduction of
regular elections in the region, spending on social services has improved. I am skeptical that the effects of democratization are likely to be felt in such a brief time, but it seems plausible that they will emerge in the fullness of time.

Second, variations in the composition of ethnicity appears to be a salient factor. Milanovic (2003) finds a positive correlation between the number of distinct ethnic groups in a country and social inequality (Milanovic, 2003). For a smaller set of 11 countries, mostly in West Africa, Brockerhoff and Hewett (2000) similarly find striking differences in child mortality across ethnic groups, with some groups suffering from mortality rates more than twice rates prevailing within other groups. Ethnicity often correlates well with region, and it is unfortunate that they do not attempt to account for regional variation in mortality rates.

I hypothesize that the salience of ethnicity relates to the greater likelihood that the ethnic groups that dominate the state apparatus are less likely to redistribute state income in countries in which there is a higher level of ethnic heterogeneity. Ethnic divisions have also been associated with greater violence, and there is some evidence that violence has exacerbated inequality in the region. For instance, Addison and Ndikumana (2001) have suggested that African countries that are either currently in conflict, or recently coming out of conflict tend to devote a larger share of their expenditures to military and security matters, and a commensurately lower amount on social and anti-poverty expenditures. For similar reasons, ethnic heterogeneity is also associated with lower levels of democracy, which may reinforce the tendency of ethnically heterogeneous states to underinvest in poverty reduction.

Third, the presence of mineral and oil commodity wealth worsens the distribution of income, everything being equal. Here, the mechanism is that capital intensive productions controlled by the state benefit fewer economic agents. In addition, mineral and oil wealth is typically geographically concentrated, and their benefits are less likely to diffuse across a broad part of the national territory. When the state uses this wealth to promote government consumption rather than productive investment, the result is a
greater and faster increase in inequality. The state could in fact use the mineral or oil resources to combat poverty promote economic development, as Botswana appears to have done, for instance (Acemoglu et al, 2003). Most states have instead used these resources for non-developmental purposes. No income distribution data appears to be available on Angola, for instance, but the combination of conflict, ethnic heterogeneity and oil would together suggest a very high level of income inequality.

Concluding Remarks

I have argued that the surprisingly high levels of inequality in Africa can be understood as part and parcel of a process of class formation linked to processes of state building that have their origins in the economic institutions of the early colonial state. The original natural conditions faced by European colonialists in Africa in the 19th century shaped the political and economic institutions they established in the region. The resulting colonial state institutions were not accountable or responsive to African populations, and were as a result less likely to improve the welfare of the majority of the population. In addition, the limited nature of African colonialism, due in large part to fiscal exigencies, created the conditions for the emergence of substantial spatial inequalities, which persist to this day. Colonialism favored in relative terms certain indigenous groups, which often inherited the state at independence. Insofar as political power has often been used to gain economic advantages during the post-colonial era, inequality has little changed over the course of the last forty years, despite the official focus on development and poverty alleviation by donors and governments alike. In sum, much of the post-colonial era has witnessed the consolidation of these initial advantages. The recent democratization of the region’s politics, however imperfect, provides a salutary opportunity to change these dynamics, though it must be said that the process is likely to be long and arduous.
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