

Chapter 5

Black Africa: Free or Oppressed?

Lord Bauer

The Price of Freedom

*Liberty, what crimes are committed in thy name.*¹

Post colonial Africa is termed liberated, free. Yet millions in Black Africa live under mass coercion and lawlessness undreamt of in the 1920s and '30s, indeed under conditions harsher than at any time since slavery. Since the 1960s, hundreds of thousands, possibly millions, perished through government action or in civil wars, or amidst the collapse of order brought about by government policies, and millions have been forcibly uprooted.

I shall examine this tragic and paradoxical situation and its background, largely with reference to British Colonial Africa, primarily West Africa. Somewhat similar developments took place elsewhere in Africa, though the change was less abrupt because before the war personal freedom, especially economic freedom, was greater in British Colonial Africa than elsewhere.

Restrictions of Colonial Rule

The people of a colony are politically unfree in a clearly defined sense. They do not have a say in government. They do not participate directly in the political process beyond the municipal, village or tribal level, though they may have a large measure of freedom of speech and information. How objectionable the population regards such alien rule depends on such factors as the characteristics and activities of the government, on the ethnic and cultural homogeneity of the population, and on the expectations of different groups about successor governments.

For various reasons the great majority of the population did not find the British colonial rule in Africa particularly irksome. For the first time in centuries, perhaps in history, their lives and property were safe. Slave trading and tribal warfare had been suppressed. Taxation was light. The population of most colonies was heterogeneous. In Nigeria, for instance, there were, as there still are, some four or five major tribal groups and at least sixty different tribes, a diversity which dilutes the concept of alien rule. The vast majority of ordinary people knew little of politics beyond the village or tribal level and had never known elective government. Their concerns were with their families, with raising and marketing their crops, and with tending their animals. Like most people, they were much more interested in not being misgoverned than they were in self-government. For these reasons the population at large did not much question colonial rule. Adverse economic changes, such as a fall in export prices or higher taxes, elicited outbreaks of discontent with little or no political thrust.

There did, however, emerge in the 1930s numerically small but articulate groups resentful of colonial rule and hostile to it. They were Western educated or westernised people, some of whom began to be heard in politics, in schools and colleges, the media, and in commerce. They were vocal, and they also had contacts with their opposite numbers in the West.

They resented colonial rule, partly because it was alien but also because it denied them the power, status and money they hoped for under an independent government.

Reversal of the Principles of Colonial Rule

Until the late 1930s, modern British colonial rule in Africa was guided by clearly recognised principles. These were: limited government, especially in economic life; acceptance of traditional leaders and local councils as representatives of African opinion and interests; and their gradual evolution and reform towards independence.

Limited government, open economies, and maintenance of traditional authorities made colonial rule widely acceptable, which in turn made government relatively easy and inexpensive. In such conditions public affairs vex no man, as Dr. Johnson observed.

Between the 1930s and decolonisation in the 1950s and '60s, the guiding principles of British colonial rule were abruptly reversed. In both the political and the economic spheres, one set of principles was replaced by their exact opposite.

As heirs designate of British rule, traditional rulers and councils were replaced by recently urbanised, articulate, literate or partly literate westernised people, notably politicians, teachers, journalists, lawyers and their

allies in commerce. Gradual modernisation and reform of traditional authorities and institutions was to be replaced by early introduction of mass democracy interpreted as universal suffrage, a concept previously wholly unknown in Black Africa.

This abrupt reversal of political direction took place in the 1940s and '50s under the impact of such forces as the emergence of U.S. interest in Africa and the influence of Fabian socialism in the British Civil Service, as well as in politics, academia and the media.

The mass of the population in the African colonies did not press for these political changes and was indeed largely unaware of them. And those who were aware of them did not like what they saw. This was recognised with unexpected candour by Obafemi Awolowo, a prominent Nigerian politician of the early post-war period:

Given a choice from among white officials, Chiefs and educated Nigerians as the principal rulers of the country, the illiterate man today would exercise his preference for the three in the order in which they are named. He is convinced, and he has reasons to be, that he can always get better treatment from the white man than he could hope to get from the Chiefs and the educated elements.²

The illiterate man, in the context synonymous with the ordinary man, was, however, not given a choice.

Introduction of Economic Controls

The other main guiding principle of colonial rule, limited government, especially in economic life, was similarly reversed at about the same time. It was replaced by a system of close economic controls; without these the political changes may not have issued in the far-reaching and lasting consequences which I shall note later.

Over most of British Africa the establishment and extension of such economic controls began in the late 1930s and gained momentum in the war and early post-war years, a momentum which continued until independence and beyond. By the eve of independence, these economies were largely state-controlled. The controls and their instruments included state monopoly of major branches of industry and commerce, notably in the import and export trade, including comprehensive monopoly over agricultural exports; numerous state-owned and operated enterprises, often with monopoly power; licensing of commercial and industrial activity; comprehensive control over international transactions; ethnic quotas in employment and in the allocation of licences; price controls and prescription

of minimum wages; large-scale support for co-operative societies, in effect, extensions of government departments.

Such controls place the economic opportunities and even the livelihood of people, outside subsistence agriculture, at the mercy of the government and its agents. This was particularly evident in the operation of agricultural export monopolies (marketing boards), which, by virtue of their sole right to purchase and ship these products, could impose a ceiling on producer incomes.

The war and its immediate aftermath did much to promote these controls by lending spurious plausibility to the need for them, even when they were quite irrelevant to the war or were even contrary to their declared purposes. This applied notably to the most far-reaching of these measures, state export monopoly over all major crops.

The principal controls were introduced because they appealed to dirigiste civil servants whose power and status they enhanced; to some British politicians; and to some influential commercial interests, both expatriate and African. They also accorded with the ideology of the terminal period of colonialism in Africa.

The departing colonialists thus bequeathed to their successors the ready-made framework of economic totalitarianism. The incoming African rulers welcomed the controls because these gave them a close grip over their subjects which enabled the rulers to pursue more effectively their personal and political purposes. They extended the controls whenever they could. As we shall see, the West has helped them to do so.

Economic Controls Increase the Power of African Governments

Some results of the controls which I have recited are familiar: divorce of output from demand; raising of costs through quotas and restriction of entry; creation of contrived scarcities with the resulting divorce of prices from the opportunity cost of resources; and emergence of privileged incomes and windfalls unrelated to productive performance.

Certain characteristics of the African scene reinforce or compound these results. The pronounced ethnic, tribal and geographical differences in human, physical and financial resources increase the economic costs of controls. Again, the controls obstruct emergence from subsistence agriculture and keep many people in poverty and backwardness. The absence of effective price control at the retail level both increases the windfalls and privileged incomes and makes them evident and even measurable.

The controls bequeathed to the independent African governments, and extended and reinforced by them, have endowed the rulers with pervasive power over the economic and even physical survival of their subjects. In these conditions the stakes in the struggle for power increase very greatly. People's energies and resources, especially those of alert and ambitious people, are diverted from productive economic activity to the political arena, sometimes from choice, but often from necessity. Who has the government becomes a matter of overriding concern. This sequence promotes and exacerbates political tension and conflict, especially so in the multi-racial and multi-tribal countries of Black Africa. One of the results is the emergence of centrifugal forces and of armed conflict which in turn invites forcible suppression.

The rulers in Black Africa are largely articulate, recently urbanised people as are their allies in the politicised military. There are wide differences in political and military effectiveness between these rulers and the unorganised, inarticulate and illiterate rural people. This difference affects the way political power is exercised, including the operation of controls, the method of taxation, and the pattern of public spending.

The primary interest of the rulers is to maintain themselves in power and to extend it as much as possible. For this purpose they reward their supporters and enfeeble their actual or potential rivals and opponents. Therefore, they try to reduce their subjects to an undifferentiated malleable mass by removing all social and economic distinctions among them.

In the pursuit of their overriding objectives, the rulers are unconcerned with the hardships they inflict. Recurrent examples include large-scale maltreatment of their subjects, often but by no means always ethnic or tribal minorities, maltreatment extending to officially perpetrated, encouraged or tolerated killings and massacres; coercive transfer of population, including enforced herding of people into so-called socialist villages, often mere sites; suppression of private trade; forced collectivisation and other forms of confiscation. These policies have often been reported in the Western press, including newspapers notably sympathetic to the new African governments, such as the *Washington Post*, *The New York Times*, *The Times* (London), and the *Financial Times*.

In recent decades in Africa, despotism and lawlessness have gone hand in hand. Economic controls have provoked and exacerbated conflict. Preoccupation with these controls has diverted the resources and attentions of governments from the basic task of protecting lives and legitimate property. Indeed, over wide areas of Black Africa, the governments themselves have destroyed public security. Large-scale maltreatment of their subjects by the rulers extending to massacres, killings and forcible removal of people from their homes to distant regions and the breakdown of public

security have inflicted massive hardship on millions of Black Africans. Persistent fear for their lives and property has become the lot of millions.

It is sometimes thought that the situation in Black Africa represents a reversion to pre-colonial tribal conflicts. The analogy is incomplete. The traditional chiefs often ruled capriciously and brutally. But within the confines of their tribes, at any rate, they were usually constrained by tribal councils, by custom and by fear of deposition. They were much closer to their people than are the contemporary rulers. Nor did they possess such physical and financial resources as do the contemporary despots. These resources have all too often been augmented by the West, a matter to which I shall shortly return.

Nor are the African governments elective. Governments change not through elections, but through coup, civil war, or the death of the ruler. (Dr. Nyerere has resigned as President of Tanzania but remains President of its sole party in which power is vested.)

Some Results of Economic Controls

The oft-noted pervasive corruption in Black Africa does not inhere in the African character. Nor does it inhere in the extended family, though this system facilitates the spread of corruption which originates in other government involvement in the economy which underwent a rapid and large-scale extension in Africa after World War II. Under some of the controls, corruption became practically inescapable. Two major economic controls, state monopoly over agricultural exports and import licensing, throw into relief the operation of economic control in Africa.

State monopoly over agricultural exports in British Africa was introduced first in British West Africa (the marketing boards) and subsequently extended to East Africa and elsewhere. Restrictive licensing of traders and processors, on the other hand, was first introduced in the 1930s in East Africa and subsequently spread to West Africa. Such spread of control was the result of centralised decision making in a dirigiste climate at high echelons both in London and in the colonies. This was accompanied by the diminution of the status and influence of provincial commissioners and district officers closer to the grass roots.

The West African marketing boards were established during the war and put on a permanent footing in the early post-war years. The British government documents announcing these measures incorporated categorical assurances that the boards would on no account serve as instruments of taxation. They would act as agents and trustees for producers by means of short-term, intra-seasonal, price stabilisation. These assurances were promptly broken.

From their inception to the early 1960s (when some of the boards ceased to publish accounts), many hundreds of millions of pounds were withheld from West African producers by the boards directly and through other taxes made possible by this system. This extremely heavy taxation operated both in the terminal years of colonial rule and continued after independence. It represented taxation at rates far higher than those borne by other groups with comparable incomes in West Africa.

As a result of the operation of the marketing boards, hundreds of millions of pounds came to be handled by people who previously had thought in terms of only very modest sums. They had little experience of government or sympathy for the majority of the people. The marketing board system was also inherently corrupt in that its operation was unrelated to its declared purposes and also clearly violated formal official undertakings. In any case, the primary loyalties of the politicians and civil servants who controlled the boards were to their families, relatives, friends and political allies, not to the abstract concept of the public welfare of large and heterogeneous countries. Understandably, and even inescapably, they used the system in their own political and personal interests and those of their families and allies.

The funds which accrued to the boards and the governments through the operation of the state export monopolies were spent in accordance with the priorities of the rulers. Large-scale political and personal favours, military spending, prestige projects, expensive government buildings, heavily subsidised industrial or commercial ventures (many of them complete failures), and loss-making co-operatives had been prominent among these priorities, to some extent already in the late colonial period and more so since independence. In Ghana, for instance, the Nkrumah Government rapidly dissipated the large reserves of the export monopolies inherited from the Colonial Government, spent the cocoa revenues and was bankrupt after several years of acute shortage of consumer goods in the country.

In their early years the operation of the marketing boards reflected the personal and political interests and inclinations first of the British civil servants and to some extent also the influence of the trading firms. Subsequently, they served the purposes of African politicians and administrators and those of their agents and allies. Neither the British civil servants, nor the politicians and administrators in control of the boards, ever had to pay much heed to their unorganised and largely inarticulate constituents or subjects.

In Black Africa there is generally no effective price control at the retail level. In its absence the allocation of an import licence or of a controlled commodity at a price below the market clearing level produces a windfall the size of which is readily ascertainable. This generates a scramble for

licences and controlled supplies. Extensive corruption becomes inescapable: the bribe serves as a rationing device and as a partial return of a gift. The windfalls which accompany specific controls also set up and exacerbate political conflict, especially in multi-ethnic societies.

Such results of the controls are examples of the interaction of the familiar variables of economic theory, such as prices and quantities, with factors treated as parameters, such as the political climate or the extent of the exchange economy. This type of interaction deserves closer attention in economics, especially in development economics, than it often receives.

Western Aid Reinforces Totalitarian Rule

Western politicians, civil servants, academics, people in the media and businessmen bear a distinct responsibility for the widely prevalent despotism, lawlessness and corruption in Black Africa.

The controls introduced in the last years of colonial rule politicised economic life and intensified the struggle for political power. This result was much reinforced and extended by massive official aid to the new governments. This aid has enabled them to pursue, for years on end, barbarous policies which also entailed extremely damaging economic results. Thus it was Western aid which enabled Dr. Nyerere to continue so long with forcible collectivisation, with the forcing of millions of people into socialist villages, with suppression of trade. Dr. Nyerere not only received massive Western aid, but was held up by Western spokesmen, notably including Mr. McNamara, as an example to be followed by other African rulers. The critical role of Western aid in the political survival of Dr. Nyerere has been freely acknowledged by his Western admirers.

The totalitarian rule of a number of other African despots, including Nkrumah, among others, was for long shored up by Western economic aid. Sustained large-scale Western aid to the Government of Ethiopia has certainly been of great assistance to that Marxist-Leninist dictatorship and may well have been indispensable for its survival. Official Western aid to that government has been in place since the mid-seventies and it still continues on a large scale. Over this period the government pursued all the damaging policies listed in section 4 above, which in turn were largely behind the several civil wars still (as of June 1986) being waged in Ethiopia.

The West also provided military assistance to despotic rulers. British military and financial aid enabled Obote of Uganda in 1966 to destroy the widely popular Kabaka and his many supporters and to establish his dictatorship. When the Tanzanian army mutinied in the 1960s, Britain provided

the troops requested by Dr. Nyerere to enable him to stay in power. President Mobutu of Zaire also owes his survival to Western military and economic support.

Without aid, African rulers might well have decided to rely on less economic control and on less large-scale brutality. They might have had to rely more on market forces. African experience contradicts rather than supports the currently much canvassed idea that official aid could be used to bribe the recipients into more market-oriented policies. The opposite outcome is much more probable. Closely controlled economies serve the purpose of the new rulers in Africa; they will abandon close economic control only if they are forced to do so by the danger of a breakdown. If they are rescued, they will not abandon it even though they may pay lip service to private initiative. It is therefore not surprising that advocates of so-called policy-oriented aid have already begun to warn that it would be politically unwise to ask recipients to liberalise more than a small part of their economies.

Western academics, media men and businessmen have also helped along the politicisation of life in Africa. The special interest groups behind the marketing board system and the import controls included both civil servants and merchants. State economic monopoly was welcomed by academics who also provided the stream of insubstantial and inconsistent rationalisations for the special taxation of the producers. Western academics have persistently supported both so-called development planning in Africa and official aid, and the linking of aid to the adoption of comprehensive planning. Comprehensive planning, i.e., extensive state economic control and official aid, have been the two principal policy proposals of modern mainstream development economics.

Since the war, both academics and the media in the West have widely supported African governments, however coercive and brutal, as long as they could be labelled progressive. This label has come to carry a set of distinct connotations: distrust of the market system, personal freedom, private enterprise, private property and individual farming; pursuit of politically organised egalitarianism; and rejection of traditional rulers, even if freely accepted by the population. Hostility to the West is also often part of this syndrome.

Both academics and people in the media have often rationalised or excused totalitarian policies as necessary for economic progress and for nation building. These policies have patently obstructed economic advance and emergence from poverty. The advocates of nation building regard people as bricks rather than as human beings, bricks to be manipulated at will for the purposes of the rulers. Far from building nations, throughout Africa

such policies have engendered large-scale violent conflict and generated centrifugal forces.

Nkrumah enjoined African politicians first to seek the political kingdom because, if they attained that, all else would be added unto them. The support of the West has been indispensable for the success of this quest. The results and rewards of attaining the political kingdom have much exceeded expectations. For this outcome too, the West is largely responsible.

Misconceptions and Misuse of Language

Liberty, Sir Isaiah Berlin wrote in 1958, was a concept so porous that there was practically no interpretation it was capable of resisting. The confused identification of the sovereignty of African governments with the freedom of Africans is an example.

Discourse on African matters has come to be vitiated by misconceptions and misuse of language. Blacks in South Africa are supposed to be enslaved. Yet large numbers of Blacks from all over Africa travel long distances to get there.

Indeed, public discourse on African freedom confirms that the world language of the late 20th century is not English. It is Newspeak.

NOTES

1. Mme Roland, quoted by Lamartine, *Histoire des Girondins*, Oxford Dictionary of Quotations, 1964, p. 408.
2. Obafemi Awolowo: Path to Nigerian freedom, quoted in Frederick Pedler, *Currents of West African History, 1940-78*, London, 1979, p. 265.

Discussion

Edited by Michael A. Walker

Michael Walker As a moderator must be seen to be impartial, I won't in any way attempt to shape the discussions as they are ongoing. However, I have spoken to several people and made a survey of opinion, and it appears that the invisible hand is not pushing us in the direction that a lot of people would like to see the discussions going. Therefore, simply by way of salting or seeding the ground, I ask that we direct our comments or investigation toward the structures of government or the forms of allocation of property rights that are most likely to lead to the enhancement of freedom rather than unduly focusing on issues which may be peripheral to that. I ask that you bear that focus in mind in thinking of how to address the papers this morning.

There have been several attempts—Armen Alchian and Al Harberger and, to some extent, Doug North—to push us in this direction, but we have to some extent avoided it. I hope we can pull the discussion back to focus on these issues of property rights.

Voice You are infringing on our freedom. I stick up for freedom of speech.

Michael Walker This is why I say it is a matter of planting seeds. I will now once again don the mantle of the impartial moderator, famous for his moderation, and simply stand down.

The first paper of this morning is “Black Africa: Free or Oppressed?” by Lord Bauer, and the first comment on this paper will be provided by Brian Kantor.

Brian Kantor I want to take up one major issue arising out of Lord Bauer's paper and that is the influence of limited government on land use and its effects on the productivity of land. As Lord Bauer has told us, the British policy was to accept traditional leaders and local councils and hope that they would evolve gradually towards independence.

These policies of indirect rule entrenched customary land usage which, of course, was anything but a system of individual property rights. It was a system of common land usage and, of course, common land usage doesn't

encourage the most productive use of that land. In fact, it strongly discourages it.

I have circulated a discussion of the effects of these policies on South Africa and Africa generally in which I refer to the work by Herbert Frankel in his paper called “The Tyranny of Economic Paternalism in Africa: A Study of Frontier Mentality.” He contrasts the British policies with what might have been the effects of a more active involvement, and the replacement of traditional land use rights with private property. One of the critics of the British policies was one of the governors of the Cape, Sir George Grey, who, Frankel suggests,

placed his finger on the Achilles heel, not only of South Africa but also of subsequent British colonial policy elsewhere in Africa, which advocated the isolation of the natives in large areas in which they were administered under systems of indirect rule and were supposed to be left to work out their own destiny. The reasons for their policies were not by any means merely humanitarian; they were adopted largely for administrative convenience and to save expense.

And then Frankel argued that

looking back from the vantage point of our own times, it is clear that the root cause of the economic backwardness of various African territories, as well as the Native areas in the Union, lies in the failure to modify customary control of land occupation and tenure, which has prevented the emergence of land use and ownership compatible with modern forms of commercialized production in a money economy. The failure to make of the land a viable factor of production has condemned the peoples on it to eke out a precarious subsistence.

The South African government, regrettably, of course, built its own policies of separate development on the existence of these tribal areas and the authority of traditional leadership. Of course, these policies of separate development justified restrictions on the migration of Blacks out of these areas to the towns and, in fact, was the ideological justification for apartheid which, of course, you all recognize has served South Africa particularly badly.

These policies, incidentally, have recently been abandoned. It is interesting that the South African government has abandoned the policies of separate development which proved so impractical but, in fact, justified much abuse of freedom in South Africa, particularly economic freedom.

So, from the advantage of hindsight, I think it is a great pity that, in fact, the traditional land use system in South Africa wasn't overwhelmed or abandoned a long time ago. Something better might have been put in its

place. Of course, one might hope also for something better than the kind of African government so clearly described by Lord Bauer.

One of the issues that emerges, of course, is what kind of African government could one expect in South Africa? Could one hope for something better, and has the experience of Black Africa influenced perceptions of what constitutes good government in South Africa? The most recent experience of Black takeover from whites, in Zimbabwe, is perhaps the most important one. The results, I think, have not been totally disastrous. The whites in Zimbabwe are tolerated, and a fairly large number of them still remain—less than half the number that were there, say, fifteen years ago. But Zimbabwe is not by any means a model society. It could easily degenerate further. In fact, there is very little encouragement provided there of the kinds of economic freedoms enjoyed in, say, Southeast Asia. Certainly, Southeast Asia hasn't influenced Zimbabwe. The experience of other African countries doesn't seem to have made much of a difference for Zimbabwe.

In South Africa, of course, the likely alternative government—and I will explain why it is likely—is the African National Congress. The ANC operates and thinks very much in the modern African tradition. Its views of government, the proper authority of central government, what government should be doing, how it should operate, appear very much within what has become the mainstream African approach. The African National Congress is powerful and is the likely alternative government in due course, because it has established its international acceptability. The leadership of the alternative government of South Africa, as of Zimbabwe and other African countries, will be anointed in the United Nations in the international arena. The ANC has played that card very skillfully. At this point in time, any government other than the ANC would be totally unacceptable to the international community. This, of course, gives the ANC itself enormous authority and power which is quite possibly unrepresentative of opinion in South Africa itself, including Black South Africa. So the competition, the constituency that matters, is in part very much outside rather than inside South Africa.

The experience and the lessons that Africa may have to teach Black South Africans would seem to be unimportant because the influence of that experience via the opinions of Black South Africans may not count for very much. It may not count for very much at all in that the ANC has managed to obtain for itself this power outside of South Africa.

One would have hoped that the experience of Africa, the failures of Africa, would have influenced perceptions of what constitutes good government *inside* South Africa among Black South Africans. The prob-

lem is that this experience, as yet, is unlikely to be very influential over the outcomes in South Africa.

Raymond Gastil I was very interested in Peter’s discussion of the history of Africa and all the types of things they had done or shouldn’t have done that led to the present situation. But in reading through what is going on in Africa in the Survey year after year, one gets more and more depressed and is struck primarily by the uniformity of the data, whether it be in relation to societies that are almost all rural or societies that have important urban sections, whether it be societies with a British background or a French background, or Italian, or Portuguese, or the United States, whether it be countries that have been aided a great deal by the West, or countries that are largely ignored, whether it be countries that are heterogeneous, as many of them are with very different tribes, or relatively homogeneous like Somalia, for example.

It seems to me that a lot of the explanation has to somehow lie outside these particularities of historical experience. I am not going to say exactly what those are, but I think they must lie to some extent in a lack of development of a basis for the kind of modern life and state-organized societies that have succeeded. The features that make it very difficult to move in the modern world, either politically or economically, should be examined in a broader framework.

Walter Block I would like to read two sentences from Peter’s paper:

Preoccupation with these controls has diverted the resources and attention of government from the basic task of protecting lives and legitimate property. Indeed, over wide areas of Black Africa, the governments themselves have destroyed public security.

In my view, if we had approached the governments of South Africa with an open mind and with no preconception, we would never say that “preoccupation with these controls has diverted the resources and attentions of government from the basic task of protecting lives,” because the basic function of these governments is *not* to protect lives or property or anything of that sort. It is to engage in kleptocracy or robbery or what have you.

I think a value-free social science approach towards these governments would identify them clearly for what they are. They are not groups that have been diverted from the main goal of protecting anything. They are working very efficiently at what they want to do, which is to take advantage of and brutalize their population.

I see corruption in these cases as a positive. Corruption is only a negative if what the corruption is a reaction against is a positive. But it is patently clear—certainly from Peter’s analysis—that what these African governments are giving us is the very opposite of what we would desire. Therefore, the corruption is a positive.

Gordon Tullock First, the normal situation of the human race has been to live under a despotism of one sort or another, usually quasi-hereditary—it isn’t perfectly hereditary, but quasi-hereditary—which is pretty obviously run primarily for the benefit of the people at the top. They have charitable impulses like the rest of us, and they do nice things, but basically they are selfish. On the whole, this form of government (although I don’t regard it as ideal) hasn’t worked out too badly. It seems to me, on the whole, if we look at Africa what we should hope for is to move them up to the level of the ordinary autocracy.

The ideal autocracy would run a very efficient economy and tax it heavily in order to maximize returns. I mentioned to you that I have just finished a book on autocracy, and as far as I can see there are almost none that actually do this. It is not very obvious why not. But there are a lot of them that come closer to it than the average African autocracy. They do give reasonable service to their citizens. They don’t like crime because it lowers taxes and they don’t like foreign invasion because it lowers taxes and they don’t like disease because it lowers taxes, so they give reasonable service. If we have realistic goals in Africa, it seems to me that what we should be doing is trying to improve the security of the present dictators.

In Zaire the road system has collapsed because they simply haven’t wasted resources rebuilding it, because Mobuto doesn’t know if he is going to be around two years from now. But if you give them a longer range point of view, it increases their security. The way you do that is to teach them how to run a secret police. Secondly, try to see if they can’t be motivated to just improve efficiency. Their methods of taxing imports and exports by these boards you are talking about is a very inferior way of getting money out of imports and exports. It does get it, but it is not by any means the best way.

Now all of this would in fact mean that the average citizen of an African country would be a lot freer than he is now. It is a long, long way from an ideal system, but I think it also is a more realistic goal than to suggest that we try to democratize them.

Herbert Grubel I wonder whether Lord Bauer or Brian could tell us a little bit about the experiment of the Ciskei. I feel that this is a most encouraging development and, for the concerns of this conference, I think it

is of special interest. As you may know, the Free Market Foundation in South Africa has persuaded the government of the Ciskei to try the kinds of experiments that would really allow us to see the effect of establishing certain freedoms on economic and civil development. I wonder whether it is being carried through and what the effects have been thus far.

I also wonder whether there is any speculation, Brian, as to what the ANC might do with this experiment, if they were to take over.

Michael Walker Herb, this is really introducing a second subject. Before we go on to that, may I ask if there is anybody who would like to follow Gordon's point on the relationship between the permanency of government or the effects of the property rights the government feels itself to be party to, before we go on to that particular subject.

Assar Lindbeck Commenting on the discussions so far, when I go to conferences (which I do not do very often) they are usually economic theory conferences with the young people. At those conferences the topic is usually optimization models for governments, and the role I play is to point out the limitations of those models, considering not only lack of information but all the elasticities that are supposed to be in those formulas, and also the unrealistic assumptions about targets of government, pointing out the self-serving elements of government behaviour, the short time horizons of governments, et cetera.

But at this conference, I think I should take the opposite position because there is a one-sidedness in the other direction by many of us here, in particular by Walter Block, who assumes that governments are just like large-scale thieves. I think this is an equally one-sided view of governments.

I see politicians as rather mixed figures. They certainly have an overwhelming target to stay in government, to seize power, to enjoy power. But many of them, at least those I have met in my life, also have other objectives. Like us, they would like the standard of living to increase for the people in the country where they live. And some of them even want to provide freedom of choice for people, even if that often does not rank very highly. But I think high living standards and services for people are very usual targets among politicians.

We should avoid this very unbalanced, one-sidedness of dealing with politicians as thieves because that makes the analysis less intelligent than necessary. I think a much more realistic approach is to deal with politicians as very mixed figures operating in systems where survival often forces them to very short-sighted behaviour rather than to start by assuming they are just thieves.

Peter Bauer I find it difficult to accept that these rulers have pursued extreme policies because of short time horizons. Nyerere has been in power in Tanzania for 23 years, Mangistu in Ethiopia for 12 years. I don't think their policies can be explained by the myth about the short time horizon forces.

Assar Lindbeck It's an expectation calculation, how long do they expect to be in power? But I think your point is still valid.

Svetozar Pejovich On the time horizon, I don't think it is important how long one leader is in power in order to judge the influence of the time horizon. Tito was in power for almost 40 years. I think it is the dynasty that is important. If you think in terms of a dynasty, like the Romanoffs in Russia or the British, it doesn't matter how long the leader expects to live because he knows his children will take over from him. I think you can argue that dynasty and constitutional governments do not differ much. They both have the same time horizon—perpetuity. The longer they're around the more they are perceived to be the same. And I will also say that resistance to any structural innovation is the same. So, if we want to discuss time horizon, I think the relevant issue is dynasty, not the life expectancy of a single leader.

Tibor Machan Once again I want to come in because, in a sense, I would like to defend the integrity, intelligibility and nobility of libertarianism against the wildness of Walter Block. First of all, I want to say that it is a myth to think that Walter Block is advocating anarchism. He is advocating something that is a government, but he has renamed it. He now calls it a "defence agency" or your "protection agency" or whatever, but its function is exactly the same as the government's.

The difference is supposed to be that this "thing" is operating in a market. But here is where the major category mistake enters. Markets already presuppose a legal framework which is supposed to be overseen by some sort of a law of government, something like a referee in a tennis game. The players can't also be the referees. It just makes a mistake of analysis to treat governments, in that sense, as competitors—as IBM is a competitor with Data Processing Corporation. So whatever it is that Walter Block will substitute for this thing called government, even though he sounds as if he is eliminating the thieves, he is going to introduce another gang that is just as susceptible to thievery as the government that he has now wiped out by redefinition.

So, in effect, what we ought to look at is whether governments (or whatever you want to call them) can do their jobs better. I think Peter

Bauer is on the right track to stress that many of these governments have gone off the course of what their job description is, and the task is to establish institutions and pressures on them which re-establish that course. Referees at tennis games, as John McEnroe will tell you, can be terribly corrupt and inefficient and stupid and so on. Yet, even he doesn't advocate their elimination. He simply advocates that they be more competent at the task they are doing.

Similarly, I think Peter Bauer is on the right track to advocate that these governments be devised in such a way that they can do their protection of the rights of individuals and get out of all the other business they are involved in.

Douglass North I want to make three points that appear on the surface to be unrelated, but I hope to bring them together.

The first point is that, certainly, as an economic historian and in all the work I have done, one of the things I am impressed with is that time matters in the world. It matters in the sense that we don't observe the development of stable political systems producing stable property rights emerging overnight anywhere. I think that is terribly important, because we are asking something like that to happen in a place like Africa, where we are going in overnight and attempting to get tribal people to produce something that took four or five hundred years for us to produce in the Western world, and we didn't even do it very well when we did it. But we still managed to do well enough to produce something like stable rights in the system.

The second point I want to make, which is related even if it doesn't look like it, is that there is a very interesting book by a woman anthropologist named Elizabeth Colson called *Tradition and Contract*. She lived amongst tribal groups in Zambia for 35 years and traced them through tribal groups with no state all the way on through colonial groups to independence. What she attempts to do is look at the kinds of contracts they evolved in this process. In effect, it is a mini-story of the evolution of property rights.

What she observed when there was no state is not surprising and, indeed, has been written about by Evans Pritchard and a number of other anthropologists, and that is that the threat of the feud dominated the way in which trade took place. Family groups traded with other family groups. Contracting between these parties was usually honest. If one party welshed on the deal the other party would not necessarily do you in but would do a member of your family in, so the family imposed discipline on the trading groups. It's a long story, but there is a long literature by Evans Pritchard and other anthropologists looking at the threat of the feud as a way by

which one evolved some form of stable contracting amongst parties that had no state.

She then sees the time when British judges came into Africa, and this fits with what Peter was saying. The Africans adopted this very readily and very quickly because it made for surer contracting between parties and much less threat of having a feud or somebody putting witchcraft on you. So there was real acceptance of this process. It was a big step in Africa moving from a system with no state to one in which the state played a minimal but very effective role in guaranteeing contracting and bringing parties to justice who did each other in.

Now, in the third state, when you get independence, of course she sees this all breaking down, and Africans really having no way to reassemble and structure rights in the new system.

It seems to me that that is where we are. What bothers me about this conference—I said it at breakfast this morning—is that we are not trying to model the way political systems evolve, or how they evolve, in a way that will allow us to understand what this process is. As far as I know, the best books on Africa that attempt to do this are by Bob Bates in *Markets and States in Tropical Africa* or *Political Economy in Tropical Africa*. Both books attempt to look at how the political process evolved after independence that produced things like marketing boards and the process by which urban groups have come to tyrannize very scattered and very diffuse rural electorates in the system. All of this, at least, is an attempt to analyse, which gets us somewhere. I think that is what we have to do if we are going to make any sense out of this process and, therefore, try to make a positive step toward improvement.

Walter Block On this point, Gordon's implications and mine are at sharp variance. He wants to increase or introduce secret police and more efficiency in their operation. He wants to promote their security and increase their tenure. It seems to me that if Godzilla were in charge, Gordon would be advocating that he be fed more virgins.

If I understand it correctly, Steve proposes that we have a dynasty for these people. It seems to me, as Peter has shown, that these governments are among the most vicious, depraved and brutal on the face of the earth, at least today. My view would be to lessen their power, not to increase their power.

As to Assar, he misconstrues me slightly. I did not say governments are large-scale thieves; I said governments are large-scale thieves that are legitimized—a big difference.

As for Tibor, I would like to recommend two books that make this case a lot clearer. One is *The Machinery of Freedom* by David Friedman, and the other is *For A New Liberty* by Murray Rothbard. These make the libertarian case a lot clearer. It has nothing to do with referees, particularly. It has to do with the initiation of violence and a monopoly of defensive services. There is no justification for a coercive monopoly. Certainly the referee function is one that could be produced by slightly less bloodthirsty people than these dictators in Africa.

Alan Walters I think Gordon's model is a little extreme. The model of West Africa, particularly, is one of a number of profit maximizing monopolies. You see this in Ghana, for instance, where there are managed exchange rates and state marketing boards fix prices to maximize the revenue of the government. The thing that limits such expropriation is the ability of people to escape from the state exactions. What one should do is to limit the ability of the government to exploit, not increase their efficiency. I disagree there entirely with Gordon.

You want to increase the ease with which people escape such exploitation. This has brought a discipline on the government of Ghana. Much of their cocoa was going across the border and being shipped out through other countries. Smuggling *out* took place on a massive scale. What we ought to do is *not* improve the border policing but increase the likelihood of smuggling and the ability of people to escape.

Also, I think Peter is entirely right in stressing how important it was that the colonial governments of pre-1930 gave rise to property rights which were defined and defended. In Ghana there was massive development of peasant agriculture. The erosion later was associated with a very important phenomenon. Hitherto it was colonial government, and then it became, vaguely—and I think this argument was put by Brian Kantor—more internationalism.

Now we come to the stage where internationalism is so important an issue in Africa, primarily through the agency of aid but other measures too, that we see the spectre of Africans having neglected all their infrastructures so it's wasting away. The roads in Africa amount to 10 billions of dollars—often provided by aid—and were allowed to rot. But they know very well that they will be bailed out. The West will return and rebuild all these roads.

The governments look as if they are behaving like children, but they are not. They know very well that this money will flow in to recompense them for all the expense of putting their infrastructure right. So the internationalization is, in my view, very important in the drift from colonies to

independence to internationalism along with the pervasive effect of knowing very well that they can tap the Western taxpayer.

The restoration of property rights issue is very important. They have all been eroded by this mixture of deprivation by their rulers, the inability of the people to escape, and the belief that they will be bailed out anyway by the international community.

Gordon Tullock An example is Germany before the unification in which you had a set of well established, highly efficient, very small despotisms. It appears to have given very good government as far as we can tell. I don't read German, and the people who prepared the study are idealists, so I am not sure if that is an accurate account.

Alvin Rabushka Yesterday, Alan Walters raised the question of why did Hong Kong and Singapore do it differently, and why did everybody else make a botch of it? He gave a very good account of it. I wanted to narrate a conversation I had in Britain last month with some recently retired high level civil servants of the Hong Kong government. I said, "Why did you do it right, and why did Africa do it wrong?" Here is the thrust of the remarks, because I think you will find it quite interesting.

In the first case, the independence proceedings were done much too quickly. The upshot of them being done much too quickly was that the proper process of localization, whereby a trained civil service could have emerged to learn from their colonial overlords, never occurred. So instead you put people into positions of economic and financial power whose actual experience and competence was at very low levels. This was compounded by the immediate rush of the international community to proffer upon them substantial amounts of money in exchange for following the policy recommendations. Thus, they got pressured into, as it were, all kinds of public sector enterprises which they had no business getting into but which were foisted upon them and then forever sustained by these international agencies.

They got heavily dependent on external loan finance rather than beginning with a view that might have been the view of the colonial governments of the pre-World War II period that would have been much more inclined to follow free trade, export-oriented policies.

Finally, they were victimized by a whole host of tribal pressures. The colonial process of independence foisted upon them one man one vote or, as they would say in Africa, one election once. In this system of government you had to get into this war of outbidding, in terms of what you did with the public sector resources available at your disposal for your own

tribal unit. In retrospect, his view would have been that what you needed to do was stretch out, train, localize and keep the door shut to external aid. That would have produced a different pattern. Recolonizing, I think, is a touch out of the question.

Alan also partly stole my thunder because I had been sitting here going back through the roster of 104 countries I have tried to learn something about. In Africa one can enumerate only five, really, that by World Bank figures have turned in remarkable economic growth records. The two best—head and shoulders; nobody’s even close—are Swaziland and Botswana. Swaziland is committed, by the way, to a principle of free enterprise. The king overthrew the constitution there because he didn’t like it and re-established a royal monarchy. This seems to have been pretty good for a long-term commitment to free enterprise. Also, the private sector is pretty much run by South African settlers, and the same thing is true in Botswana. These two countries really have adopted intelligent, free market policies. Botswana runs a legitimate democracy, by and large, which is rather interesting. It scores high on political rights and civil liberties, and scores terrific in economic freedom. They all go hand-in-glove in Botswana.

As you pointed out quite rightly, the Ivory Coast is *de facto*, with a hundred thousand Frenchmen still within the French colonial ambit. Here the president is president for life, so the political freedom score would be quite low, but civil liberties are quite high. They have an open immigration policy. There are almost a million Africans from surrounding countries who freely work in the area.

With Gabon, which is oil-rich, and then Cameroon, these are the five countries. That’s all there really are in terms of the high performers. I think they fall within one or another of these frameworks, which explains why.

Brian Kantor I think we should try to re-emphasize the international nature of Africa. The world intervened in Africa, and I think in some sense it didn’t intervene enough at an early stage to force Western-type property rights. To this day, if you ask yourself how governments have come into being in Africa and how are they initially established—and this is the point I made earlier—the international community really appoints the new governments of Africa. Unfortunately, I think, the kinds of new governments that are acceptable to the international community, at *this* stage, given its nature, are not likely to do the right sorts of things for economic or political freedom. That is the reality.

Just one other point. I would echo Gordon’s remarks. You have something of the classic dilemma in Africa at the moment. You want order, and

perhaps only governments can bring order, that is, security of life and property. Yet, those governments that are capable of establishing order—efficient governments—are, unfortunately, likely to be effective also in interfering in their economy. That is the dilemma you face. If you have to choose between life and interventionist-type policies, I think you would probably prefer to have security of life. I think that *is* the dilemma of Africa. Efficient autocracy in places like Uganda would be very high on everybody's list.

Tibor Machan Doug North asked a very interesting question. Last spring I was lecturing in Italy, Belgium and Austria, and almost everywhere similar questions were asked—the old Leninist question: “What is to be done?” Unfortunately, I can only suggest an answer of another famous Marxist, Mao: “Let a hundred flowers bloom.” After having thought about this for not a short time, I don't believe there is any mechanical way in which these things can be accomplished. I don't think there is a structure. I don't think certain kinds of engineering approaches that are desirable and desired by a lot of people can be realized here.

It is an extremely contextually circumscribed situation. Intellectuals have to do one thing, and if you are a politician, another thing, and if you are a bureaucrat, another thing, and if you are a teacher, another thing, and if you are a businessperson, another thing. If your values are this—and it is a big “if”—then you see a situation in which you can have an impact and you have to devise what that impact is. It sounds terribly mundane, but perhaps some of these things *are* mundane.

The only way to bring about these kinds of things is with the kind of activity Lord Bauer is engaged in—writing about it, trying to analyse it, giving analyses and information to the people who are closer and closer and closer to the situation. Conferences like this *are* productive, despite the fact that tomorrow morning at nine o'clock nothing much gets done as a result of them. But maybe a few things will be produced by the people sitting around here that will then reach that level where one who is very interested in practical consequences can point to it and say: “You see? This has happened.”

I don't think we need to be so pessimistic, just because at this stage of the process it is mostly talk and there is no straightforward mechanical device by which to institute some of the good ideas and, therefore, it's all going to remain at this level. I do not believe that. I don't know if this is going to be regarded as addressing the point, but I believe it is the only answer you can give: contextual application of your ideas to the situation over which you have some impact.

Raymond Gastil I agree with Tibor on that very modest approach to the subject. But I wanted to comment on a couple of points that Brian made. One, it seems to me that the property rights argument may be right to some extent. Yet, if you look at India, for example—a country that has largely been left in a traditional property rights system as far as most of India is concerned—certainly in my terms it is vastly superior to Africa. Perhaps property rights is not a sufficient explanation.

The other point was the international appointing of governments, which is a point Brian made a couple of times. I think that is vastly overstated. Even France, which is much more inclined to interfere in this kind of thing than is, say, Britain, has tended in the last few years to give up in many cases and just accept whoever comes along. The current leaders in Chad are not particularly what France would choose, but they just pick up the pieces and wait for the next one.

Peter Bauer I find it very hard to follow Brian Kantor's dilemma here. He says that efficient autocracy is necessary in Africa to secure life and property, that autocratic government is apt to interfere in economic life. I think this is a false dilemma. The autocracies of Black Africa since World War II have not secured life and property but have massively interfered in people's lives. In Tanzania, Dr. Nyerere's government has collectivized land, expropriated property, and forcibly herded many millions of people into distant villages. On the other hand, the pre-war British colonial administrations were autocratic but did not interfere in people's lives. Today, Hong Kong is perhaps the freest economy in the world, but the government is non-elective.

Douglass North I wanted to reply to Tibor, because I disagree with him strongly. Most of us around this table are economists, and we have evolved some very sophisticated modellings of the economic process. We have moved from there to study property rights, and we have even evolved some models to analyse this part of it. Now you say that when it comes to looking at the political process, we can't do it. I don't believe that.

There is a guy on my left here who started *Public Choice*, and I think that while he may have led it astray—probably did!—nevertheless we have made a beginning in trying to model something that we have to get at if we are going to get at these issues. I don't think they are insoluble; I think they are analysable. Some parts of them may be more difficult to analyse because they move us from analysing how people in the self-interest models behave politically, but some of it also gets us into norms of behaviour and things that we understand very little about. But to say that

we can't do anything about it is a counsel of despair, and I don't agree with it at all.

Milton Friedman I just want to come to Brian's defence against Raymond by citing a particular example of what he means by internationalization. So far as I understand it, Gatscha Buthelezi has more internal support within Africa than either Bishop Tutu or Reverend Boesak. Yet it is almost inconceivable that he could end up as the alternative government, simply because the American intellectual community does not regard him as a credible representative. Because he is consistently downplayed on the news and so on, it is taken for granted that when you want to get the view of a representative African you go to Tutu, you do not go to Buthelezi. I think that is a very simple example of the kind of thing Brian has in mind.

Michael Walker We are now going to go to Herb's point on the Ciskei.

Herbert Grubel A very interesting experiment in the Ciskei is relevant to our concern over the extent to which freedom supports economic development. I wonder whether people who are specialists in African affairs can tell us a little bit about how this experiment has gone recently.

Brian Kantor Leon Louw and his Free Market Foundation succeeded in persuading the government of Ciskei to adopt policies encouraging economic freedom. He succeeded where we have failed—others, like myself, have failed to persuade the South African government to move in that direction. So here you have a case of quite successful persuasion; that is, a government looking for growth found certain ideas about how you achieve that growth through deregulation and low tax rates—the usual range of policies that one understands encourages growth. That government accepted those recommendations and implemented them. I think there are good results. I can't give you figures off the cuff that would indicate the degree to which it is helping. Yesterday we heard about transport activity in Hong Kong. Certainly, the deregulation of transport in the Ciskei has led to a huge increase in the number of participants in that particular market, and transport is a very good place to enter a modern economy as an owner of capital. I think it is working very well. In fact, it is working so well that the South African government is concerned about losses of tax revenue and the tax haven nature of the Ciskei. So, in that sense I think it is clearly working.

Going back to your earlier point, Ciskei is vulnerable because it is based upon a traditional structure out of the traditional leadership which

the South African government entrenched. If the ANC came into power in South Africa, they would conquer Ciskei and integrate it again into South Africa at large. So the continued success of Ciskei depends upon the continued survival of the South African government. It is completely dependent for its security on the South African government.

Gordon Tullock I have one very brief remark about Leon Louw's activities there. He has firmly carried out one-half of my advice; that is, try to make them efficient economically. Unfortunately, as far as I can see, he is trying to undermine their domestic security. He says he hasn't been very successful in producing freedom of a political nature there, and I think he hasn't. But he is certainly trying. It is not just conquest from outside that that place has to worry about; it is also an internal uprising which leads to the kind of government you are getting in the rest of Africa. Every citizen is better off with the current traditional regime firmly entrenched, although, as you know, it has had difficulty. I think the chief of secret police is now a refugee in another part of South Africa.

Walter Block First, I wanted to correct Herb who said that this was a right-wing organization. Leon Louw is not a right-winger; he is a libertarian.

Secondly, there are eleven homelands in South Africa. When the Ciskei experiment started, Ciskei had the lowest growth rate. By any statistical measure they were the worst off; it was just a barren wasteland. Now, with a low flat tax of 15 percent, which starts at a very high rand amount so most people don't pay any tax and the rest pay 15 percent flat tax, and there are no controls, no marketing boards, Ciskei has become the Hong Kong of Africa. It now has the highest growth rate of all the homelands. It went from the lowest to the highest very quickly, so that is one objective criteria.

The danger now is that there is a great immigration—everyone wants to live in Ciskei to take advantage of the freedoms. This is similar to what is happening to South Africa as a whole, with blacks pouring in from these bordering countries to South Africa. This despite the presumed horrors of that country.

I am a little disappointed that I didn't find Ciskei in the Freedom House analysis. I found Transkei but not Ciskei, and I would urge that Ciskei be put in and highlighted and spotlighted. I think this is a beacon for all of us on South Africa, and I am very happy with what's going on there.

Tibor Machan The Ciskei incidents and the subsequent developments, for example, are being written up in *Reason*, very prominently, as a major story. It's getting to be known across the country here. I wonder what sort of systematic principles are exhibited in this kind of "how do we get from here to there" such that we could learn from it? Let's follow Doug's recommendation and learn from this. What is being exhibited here, so that theoretical economic analysis can benefit from it? Here is a test case. What are the principles that are at work here? A guy like Leon Louw reads some books, starts a foundation, presses on, influences government, that influence gets around, people in Napa Valley discuss it and then they go away to the World Bank and mention it and so on. How would you model this? That is what I would like to know.

Herbert Grubel The Ciskei experience is like the results of a laboratory experiment in the natural sciences. That is what makes it such an interesting object of study. There is widespread agreement on the proposition that over-regulation and over-government leads to stagnation. But no one has set out deliberately to design policies for stagnation. All of our evidence on the relationship involves inferences and counter-factual questions. We have here one of the few occasions in history where a programme of policies is designed to achieve clearly stated objectives. Moreover, the policies were designed with the help of a blueprint which was drawn up by economists who believe in the power of markets, prices and incentives. I for one am most eager to learn the outcome of the experiment. Once we have this knowledge, we can build models to learn what was done right and what went wrong.

I have a question for Brian. One of the most important obstacles to economic development in the Ciskei has been the inability of individuals to sell land. This policy has evolved from a tribal tradition and has been in effect for a long time. It has been hailed by some as a superb system of social insurance since it leaves the option of working this land as a last resort in times of emergency. It has also resulted in the holding of extremely small parcels, many of which have been combined in large areas of fallow land without fences that is treated as a huge commons. Land that is farmed suffers from the application of inefficient methods. One of the recommendations of the Swart Commission for reform of the Ciskei has been that individuals be granted permission to sell and buy land. This recommendation has been approved by the tribal chiefs of the Ciskei. Has this policy been put into effect?

Brian Kantor I would say probably not. My impression is that the land tenure system has really not been addressed comprehensively. On the fringes there are experiments with alternative tenure arrangements, particu-

larly under irrigation schemes and the like, but fundamentally the land still remains under traditional use. Therefore, the development that will take place will not take place on the land. It won't be the development of land; it will be other kinds of development.

In the Indian story, a vast proportion of Indians continued to live on the land. So the more productive use of land is really an essential requirement for development. Doug made the point that it took Europe 400 years before the land was enclosed. In Africa the land has *not* been enclosed, except on the fringes. Perhaps Peter Bauer will tell us more about the origins of plantation developments in West Africa. There are plantations in Africa, obviously, but the vast bulk of land remains under common use.

Alvin Rabushka Nothing fails like failure. I had in my office not too many weeks ago a delegation of advisors on economic policy to the prime ministers of eight French-speaking African countries that included Guinea, Mauritius, Chad, Niger, Zaire, and a couple of other basket-cases. After a discussion of David Stockman's book, which they had all been reading while they were travelling, we got into a discussion of developmental policies. By and large, what they all said was (a) their countries were complete basket-cases and they knew it; and (b) the prospect that the international community was going to be less generous (which they anticipated) meant they were going to have to be more responsible for their own resources. Therefore, they were quite interested to discuss policies and proposals that would make them more successful.

Finally, there has been a remarkable intellectual transformation. The supply-side revolution has basically converted the World Bank and the IMF, although there is still going to be some inertia and resistance. If you read the last three annual reports of the World Bank, all they talk about is pricing, markets, privatization, de-nationalization and so forth. It is quite clear that the intellectual struggle is totally won in the case of African development, but it may take 10, 20 or 30 years to mop-up and get rid of this structure of interests that has developed out of the past policy.

So, I would say that, when Gastil does his survey in 20 years, there is a very strong probability Africa's economic freedom will score considerably higher and, if my own analysis is right, they will look better in the other dimensions as well.

Assar Lindbeck It is true that both in the World Bank and the IMF sympathies for the liberal market developments strategy has increased. Having had contacts with the World Bank in the last few years, I would say that the gain of the market-oriented paradigm is a thin layer of people who happen to be in charge just now. The bulk of the bureaucracy has not re-

ally accepted this approach. If those who are now in charge of this market-oriented paradigm disappear or fail, the planners can very easily come back.

Michael Parkin A point which Rabushka made a factual basis for a little while ago can be made with a different emphasis. As Rabushka pointed out, there is one independent nation in Black Africa on the Freedom House list that is free, and that is Botswana. It also is a country that is apparently doing very well in economic terms. I wonder whether Peter perhaps should have taken some notice of this particular case as an exception—as something that provides variety and a way of getting a measure of what has to happen in a Black African country for it to be different and stand out and follow a different and freer road.

I also wonder whether there is some lesson to be learned from those experiences we were talking about yesterday about how success stories get mimicked. Why it is that countries are increasingly looking at the experiences of Hong Kong and Singapore, for example, and trying to find ways of adapting what they see there. Is there anything we can learn by this more constructive approach of first of all studying the success stories against the failures in a comparative setting that tells us that something more promising can be achieved in Africa?

Ingemar Stahl Yesterday, we discussed the influence of the previous colonial powers on differentials in development between Latin America and North America. Now we are talking about Africa as an aggregate, although we can see that they have a British, French, German, Belgian, Portuguese and to a small extent Spanish background of colonial powers. This is more a question to Peter and Doug: could you come to terms with this model, or does colonial history play any role in this case?

Brian Kantor Just a point about Botswana. It has one big advantage. It is a one tribe, one language country. It is a vast area, but actually most of the development is taking place contiguous with South Africa. It has a customs union agreement with South Africa and is part of the South African market. The major developments there are mineral developments financed by De Beers. They have been very encouraging to foreign capital. I think those are some of the ingredients of their economic and political success.

Swaziland also has the advantage of one tribe—a kind of unity which many other African countries just don't have.

Michael Walker Peter, would you like to wrap up?

Peter Bauer To begin with the most substantive point raised by Brian. He said that the British reliance on traditional authorities, which in turn favoured communal tenure of land, has been responsible for much of African poverty and stagnation. This certainly doesn't tally with experience in East and West Africa. There are three million acres under cocoa in British West Africa, with every tree owned and operated by Africans. The same is true for ground nuts, cola nuts, and coffee. This doesn't quite tally with Herbert Frankel's analysis and Brian's, which I accept in connection with the native reserves in South Africa. It doesn't explain the situation in British colonial Africa.

In fact, the development in West Africa was epitomized by Allan MacPhee, a British economic historian, as a super-imposition of the 20th century A.D. on the 20th century B.C. This was not stagnation.

Now, I am not sure that Assar had me in mind when referring to politicians simply as gangsters or thieves. That is not at all the thrust of my paper.

Assar Lindbeck No, I didn't say that.

Peter Bauer I see. I tried to show how the interaction of ideology and incentive systems has brought about the present situation in a particular cultural background or climate. I think chance also played a major role.

We ought sometime also to address the question of how the ANC, Tutu and Tambo have come to be recognized by the so-called international community as representatives of African opinion, much as Nyerere and Nkrumah were. I think it is common ground between Brian and myself that this is an inappropriate choice.

There is no such thing as the international community. There are certain articulate groups writing for a self-styled quality press, and they have a great deal of influence in the contemporary climate. How this has come about in the last 40 or 50 years is of much interest and importance.

There is an oft-quoted passage in Keynes' *General Theory* to the effect that in the long run the world is governed by little else but the ideas of political philosophers and economists. That is supposed to be the *only* thing on which Hayek and Keynes agreed. If Keynes' opinion were true, the world would have been on a free trade basis for the last 200 years because economists have very largely been free traders for 200 years. We ought to pay much more attention to the interaction of ideas, interest groups, and cultural factors.

Keynes' passage totally ignores the influence of religious leaders and military commanders. It cannot be denied that Christ, Mohammed and the

Buddha had some influence on affairs in the long run, as did Alexander the Great, Julius Caesar, Napoleon and other military leaders.

I want to comment on something that Brian said—that things were not so bad in Zimbabwe; there are still quite a lot of whites left. Of course, they are still there, but over half of them have left. Zimbabwe looks very much like a totalitarian regime. If you ask the Ndebele you may get a rather critical opinion about Mugabe's rule.

The mimicking or imitative effect of success stories like Hong Kong and Singapore can be easily overrated. Sri Lanka, where the policies are very different from Singapore and Hong Kong, may have moved slightly towards a market economy. This has come about largely as a result of the bankruptcy of previous policies. A more market-oriented economy is more likely to result from a breakdown of a closely controlled economy than it is from trying to prod a government with grants and subsidized loans.