

Structural Impediments to African Growth?

Countervailing evidence from real wages in British Africa, 1880-1965

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The debate

- ‘Structural impediments’ to African growth:
 - Geography (Gallup, Sachs et al. 2000)
 - Extractive colonial institutions (AJR 2001, 2002)
 - Slave trades (Nunn 2008)
- Methodological critique:
 - ‘Compression of History’ (Austin 2008, Hopkins 2009)
- Our point: shift focus to *long-term trajectories* of growth (and stagnation).

Persistent effect of slave trades (Nunn 2008)

Table 1: Relationship between slave exports and income levels and income growth

Dependent variable	ln per capita GDP				annual average per capita GDP growth		
	2000	1970	1960	1950	1950-1973	1973-1995	1995-2008
ln (slave exports/area)	-0.103***	-0.055*	-0.034	-0.041	-0.051	-0.104**	0.078
	(0.034)	(0.029)	(0.029)	(0.030)	(0.033)	(0.047)	(0.065)
initial GDP per capita (ln)					-0.476**	-0.449	0.198
					(0.190)	(0.288)	(0.264)
geography controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
institutional controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
mineral resource controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
colonizer fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number obs.	52	52	52	52	52	52	52
R^2	.77	.68	.62	.61	.71	.68	.67

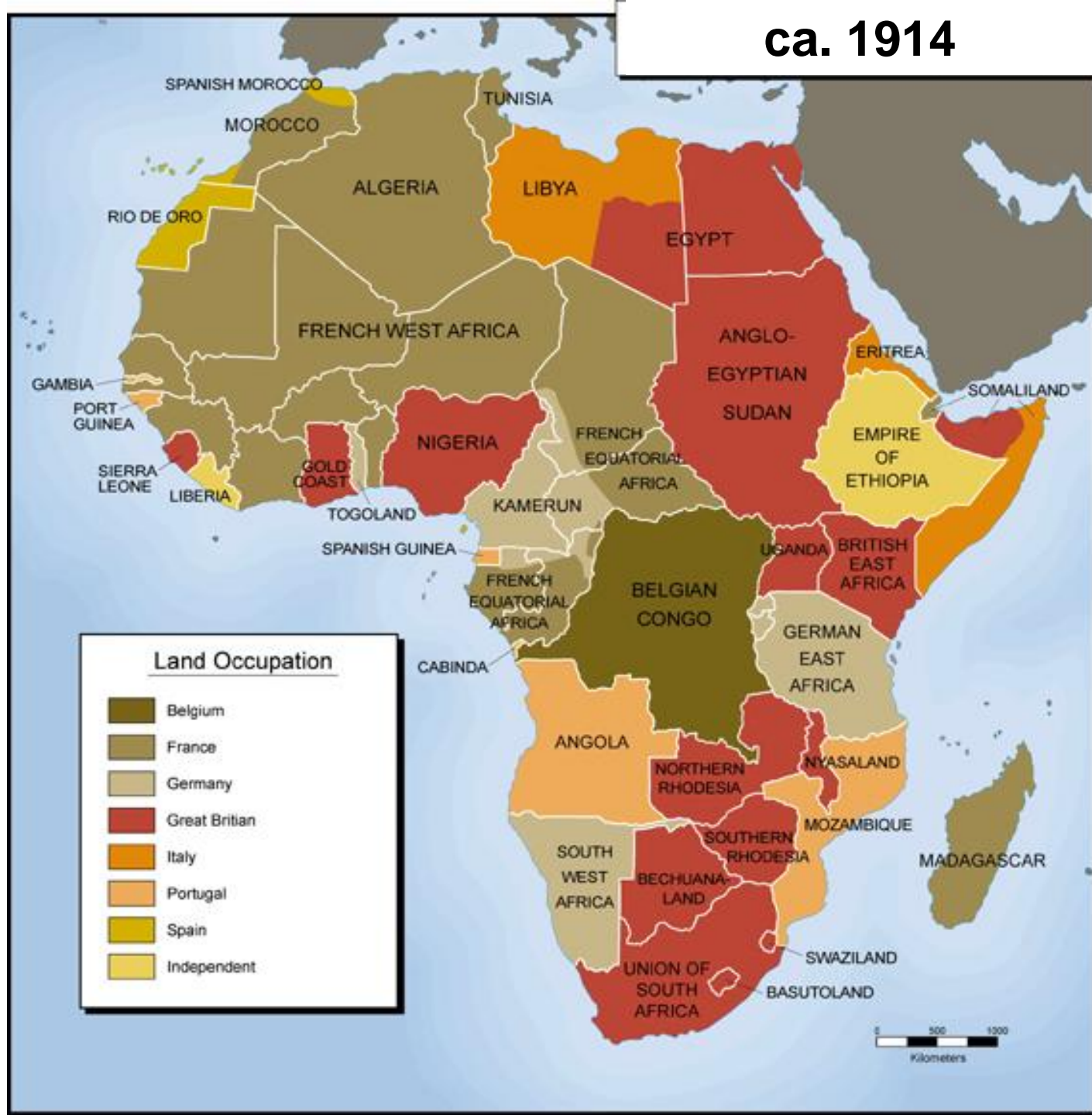
Approach

- Measuring and explaining the long term development of real wages (from ca. 1880 onwards).
 - Urban unskilled wage workers in the major African cities.
 - Deflate wages by prices of standardised consumption baskets (Allen 2001, 2009).
 - Wage and commodity price data obtained from colonial archives.

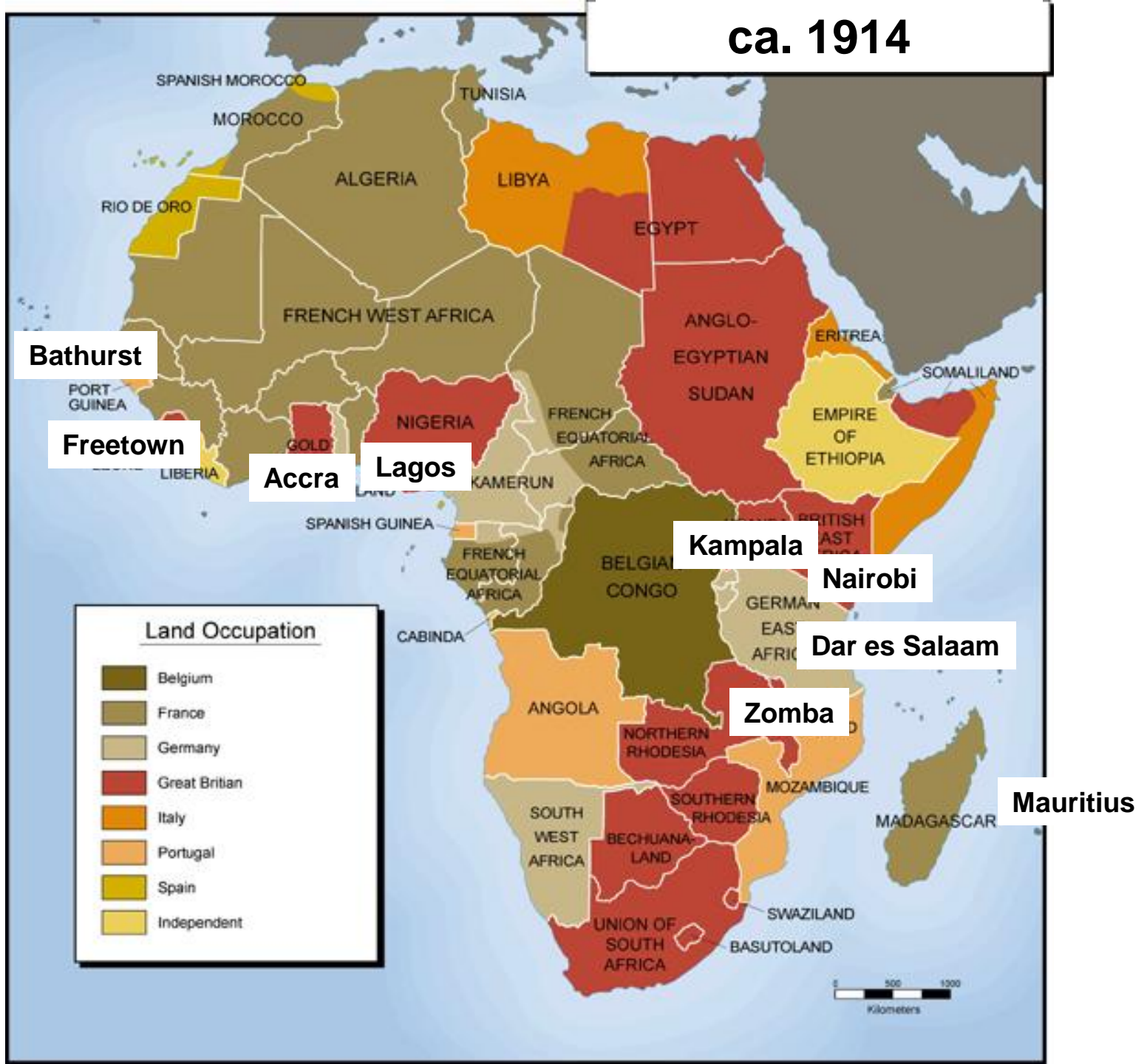
A 'bare bones subsistence' basket

	Unit	Quantity per person per year	Nutrients per person per day	
			Calories	Protein (gr.)
Maize	kg	185	1.825	41
Meat	kg	3	21	2
Palmoil/Ghee	litre/kg	3	73	0
Sugar	kg	2	21	0
Cotton	m	3		
Soap	kg	1,3		
kerosine	litre	1,3		
candles	kg	1,3		
coal	BTU	3 MBTU		
Total			1.939	42

ca. 1914

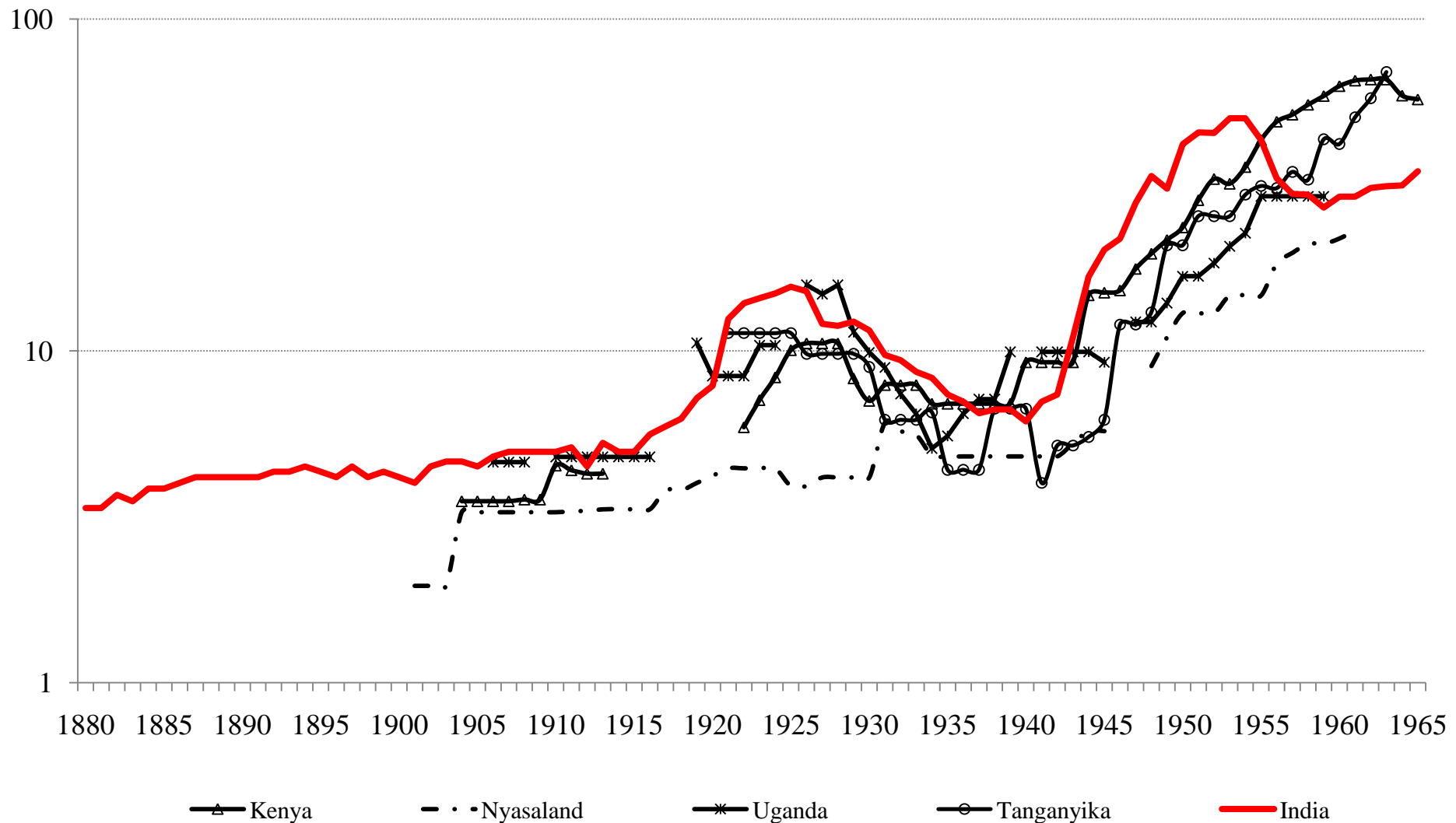


ca. 1914



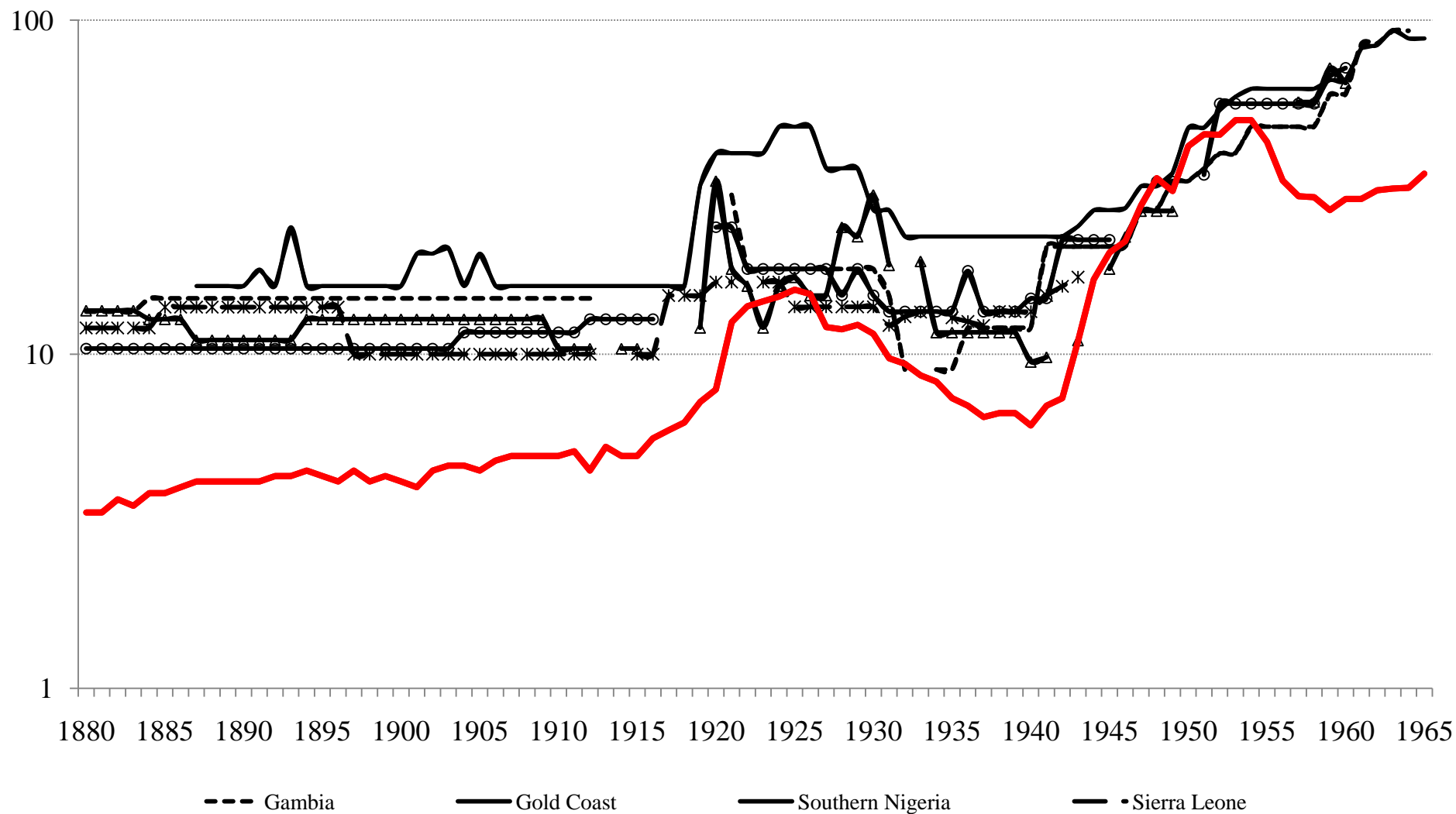
Nominal wages in British **East Africa** & India, 1880-1965

(Log scale! Pence per day)



Nominal wages in British West Africa & India, 1880-1965

(Log scale! Pence per day)



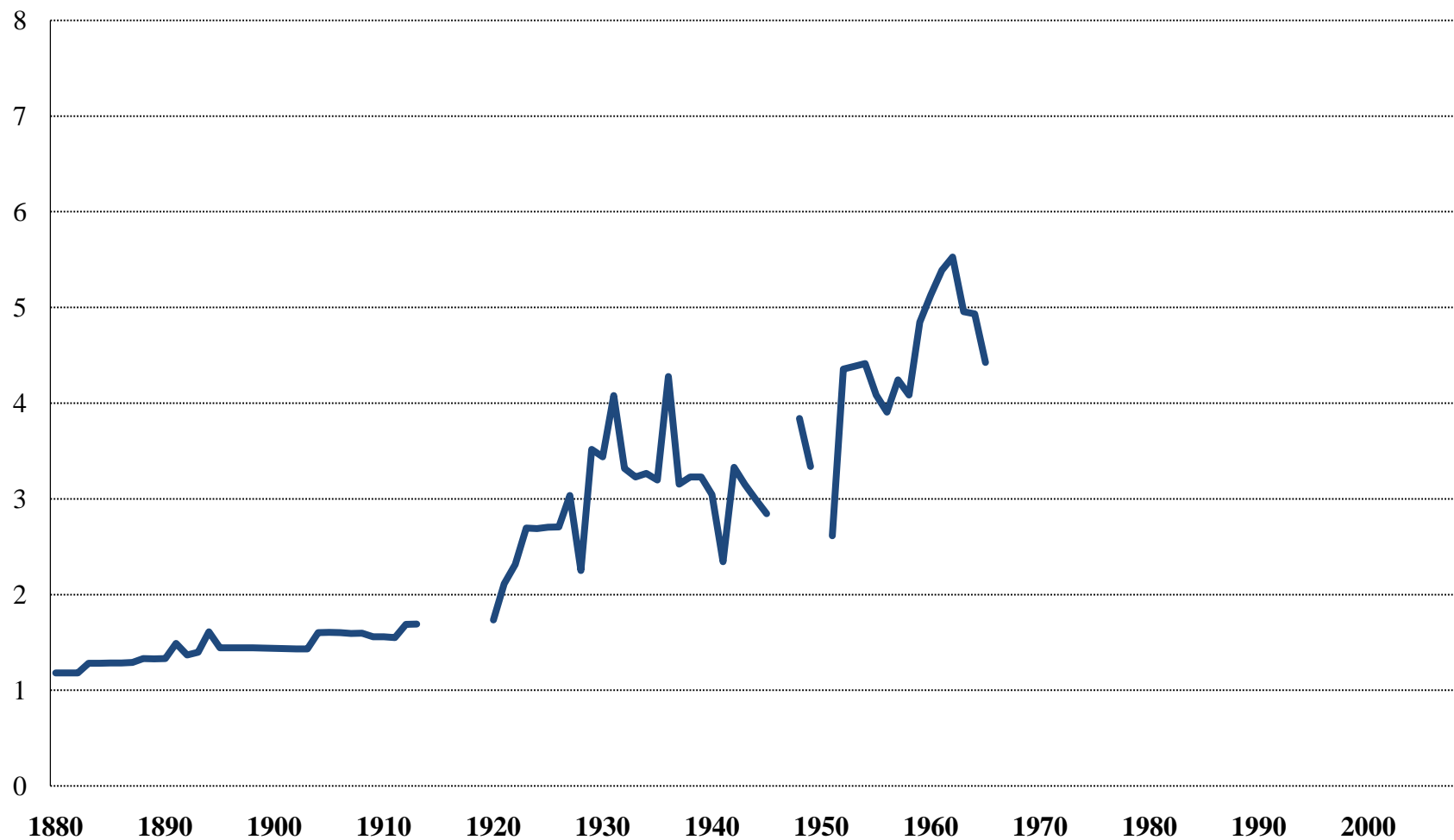
Welfare ratio

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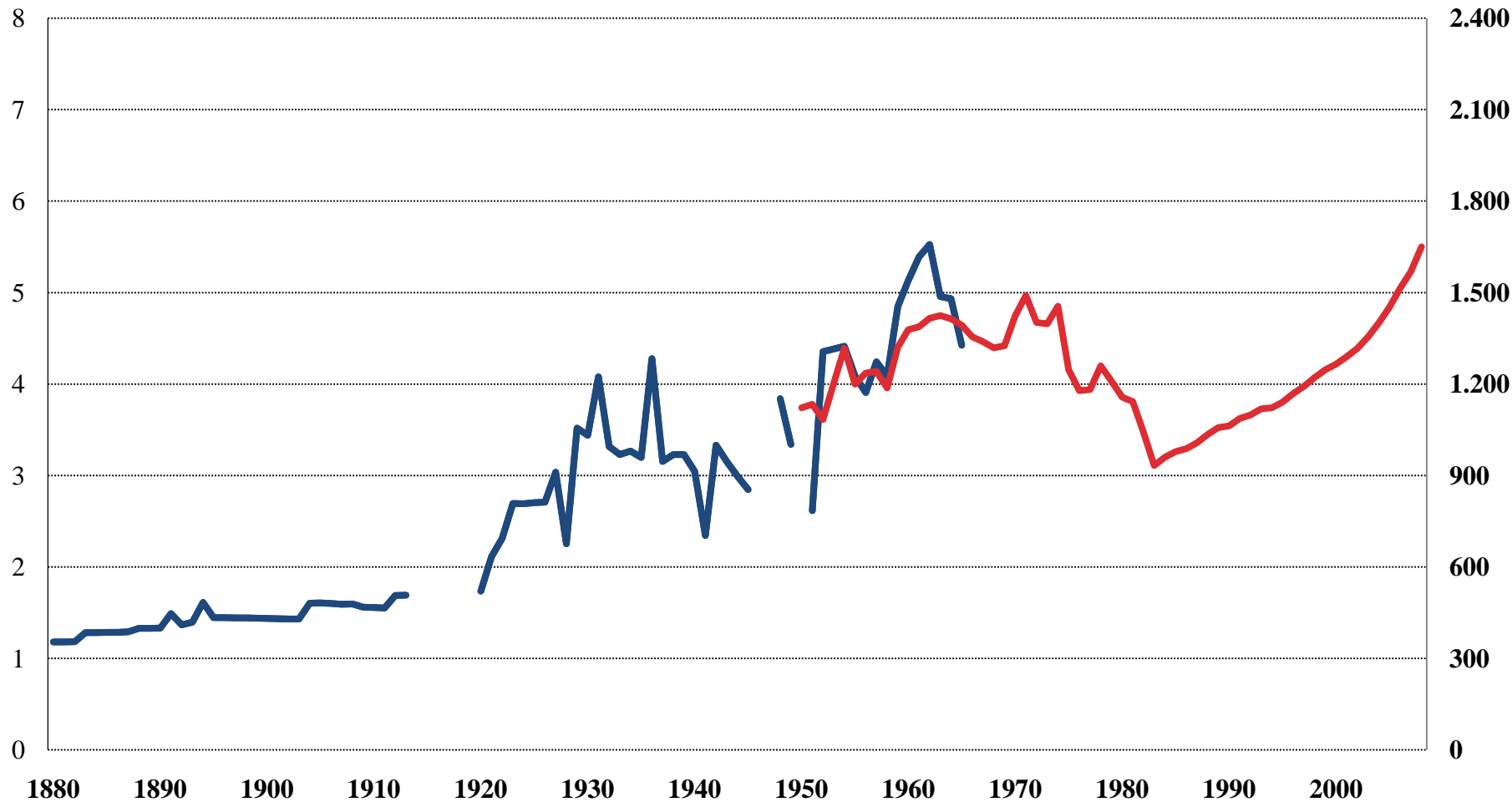
no. of *family subsistence baskets* that can be purchased from average daily
native adult male wage income

	British West Africa					British East Africa			
	Mauritius	Gambia	Sierra Leone	Gold Coast	Nigeria	Tanganyika	Nyasaland	Kenya	Uganda
	(Port Louis)	(Bathurst)	(Freetown)	(Accra)	(Lagos)	(Dar es Salaam)	(Zomba)	(Nairobi)	(Kampala)
1880s	1.8	2.3	1.5	1.3	1.6	na	na	na	na
1890s	2.8	2.5	1.4	1.4	1.5	na	na	na	na
1900s	2.8	2.5	1.7	1.5	1.6	na	0.5	1.0	1.2
1910s	2.0	na	1.6	1.6	1.7	na	0.7	1.0	1.0
1920s	3.3	3.1	1.3	2.6	1.9	1.9	0.7	1.3	1.5
1930s	3.4	2.9	2.2	3.4	2.1	1.4	1.3	1.4	1.2
1940s	2.4	2.7	2.1	3.1	1.9	1.1	1.0	1.5	1.5
1950s	3.6	3.0	3.1	4.1	na	1.6	1.3	1.9	1.7
1960s	4.4	4.9	4.1	5.1	na	2.7	1.4	2.5	na

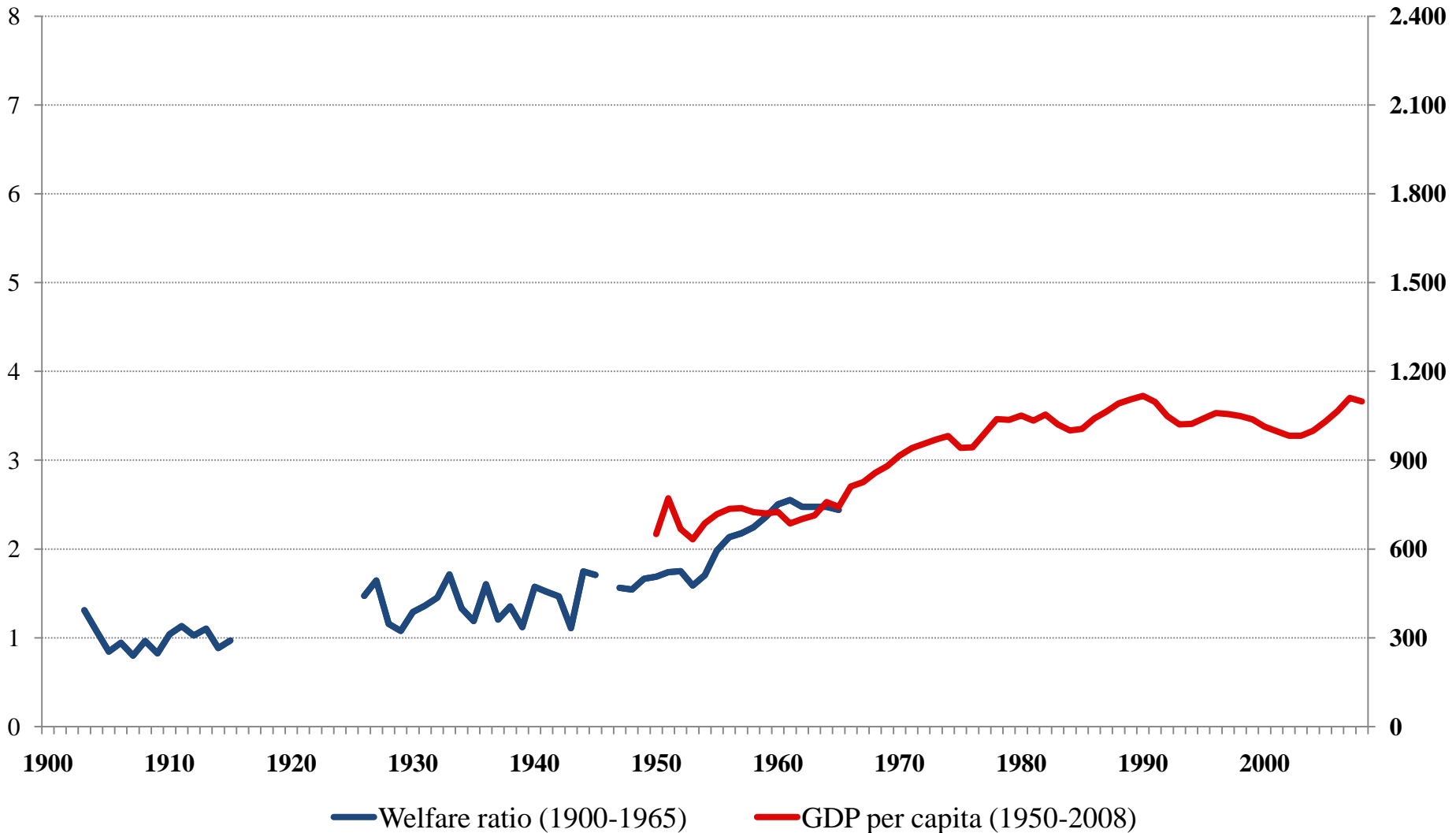
Welfare ratio in the Gold Coast/Ghana, 1880-1965



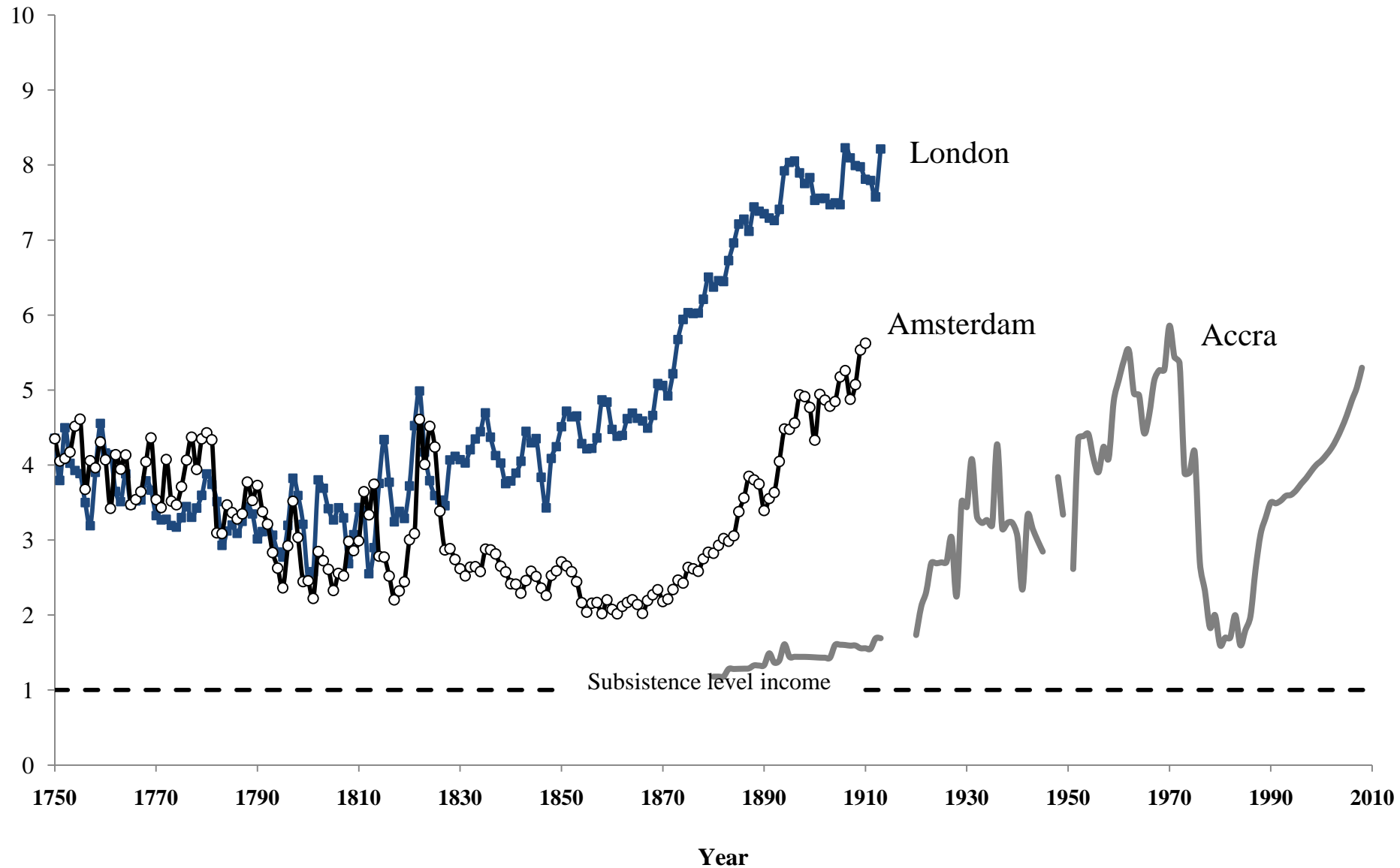
Adding Maddison's GDP per capita estimates, 1950-2008 (right-hand side, in 1990 GK US\$)



Kenya has a distinctively different growth trajectory!



Welfare ratios in Accra in global historical perspective



Why were wages kept at subsistence level in British East Africa, and not in British West Africa?

- Land alienation and native reserves (esp. Kenya)
- Higher rates of per capita taxes (head, hut & poll taxes)
- Asian migrant workers (mainly from British India)
- Pre-colonial economic development (Hopkins 1973, Austin 2011)

Conclusion

- Real wages consistently above subsistence level in most places and in West Africa notably higher than in East Africa and East Asia
- This cannot be reconciled with studies emphasizing the ‘structural barriers to growth’ or the historical ‘persistence’ of comparative African poverty.
- Long term growth trajectories reveal fundamentally different growth patterns in East and West Africa, which remain hidden when taking per capita GDP as the endpoint of any historical explanation.