

REVIEW ESSAYS

REVISITING ECONOMIC GROWTH IN AFRICA

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Benno J. Ndulu et al., eds. *The Political Economy of Economic Growth in Africa, 1960–2000*. Volume 1. New York: Cambridge University Press, 2008. xx + 452 pp. Figures. Tables. Contributors. Acronyms. References. Index. \$49. Paper.

Benno J. Ndulu et al., eds. *The Political Economy of Economic Growth in Africa, 1960–2000*. Volume 2: **Country Case Studies**. New York: Cambridge University Press, 2008. xl + 719 pp. Figures. Tables. Contributors. Contributors to the CD-ROM. Acronyms. References. Index. \$155.00. Cloth. Includes CD-ROM.

In recent years economists have debated the reasons that sub-Saharan Africa's economic growth record was substantially worse than in any other developing region during the second half of the twentieth century. In this book Benno Ndulu and his colleagues have provided a sophisticated and complex answer to this question, focusing on the interplay between the region's geographical endowments and the policies pursued by African governments. The two-volume publication and CD-ROM results from a multi-year project sponsored by the Nairobi-based African Economic Research Consortium, which brought together several dozen scholars and included detailed case studies of some twenty-six African economies. In its unrivaled breadth and in the impressive empirical evidence it offers to support a comprehensive explanation for Africa's postcolonial economic crisis, it deserves wide readership, despite its high retail price.

The project's case studies are assembled in the second volume and the CD-ROM that comes with the books. Although the overall content is difficult to summarize in such a short review, the quality is generally high. Nonetheless, not all the case studies are equally compelling, and too many read like World Bank reports, reporting a lot of aggregate macroeconomic statistics and paying perfunctory attention to social sector dynamics or institutional issues—an issue to which I return below.

The rest of this review will focus on the first volume, which provides the analytic grounding for the project and thus constitutes its most important

contribution. Refreshingly, the book emphasizes the variation across African countries. In particular, the authors argue that the different natural and geographical endowments of African countries shaped the political-economy dynamics in each country. The large number of landlocked countries in the region proved to be a major disadvantage for Africa, since the absence of a coastline constrained many economies' linkages to the outside world and made these governments much more reliant on the policies of neighbors. Similarly, the study shows that the presence of oil resources typically implied both a higher level of per capita income and slower economic growth than was the case for countries that lacked these resources. In a variation of the "resource curse" argument, the authors argue that the presence of significant natural resource revenues increased the propensity for ethnic conflict and for politically mediated patronage policies, which slowed down economic growth.

The book's main thesis, however, is that a large proportion of African countries followed suboptimal economic policies in four distinct ways, which the authors label "anti-growth syndromes," and which relate directly to the politics in each country at the time. The "regulatory syndrome" describes a policy regime in which economic efficiency is sacrificed for the sake of politically motivated rent seeking, and the "ethno-regional redistribution syndrome" describes one in which the government redistributes income to specific ethnic groups in ways that compromise economic efficiency. "Intertemporal syndromes" offers a third category of bad policy, in which governments incur excessive debt, thus imposing fiscal burdens on future generations, while a final syndrome is "state breakdown," in which the state is unable to maintain internal security. Arguing that the four antigrowth syndromes were present in three-quarters of the sample years for individual countries between 1960 and 2000, the authors use a standard econometric model to estimate that these syndromes account for just over half the differential in economic growth across African countries during this period. Clearly these specific policy failures exacted a powerful negative effect on economic growth.

The argument is arresting, and the book's data in support of it are consistently interesting and thought provoking. A policy-focused explanation of Africa's economic record evokes the approach favored by the Washington-based international organizations, but the project's originality is to link these policy failures both to natural endowments and political economy. Yet one can be relatively sympathetic to the argument that African economies were undermined by bad policies, including politically mediated interventions in the economy and excessive government consumption, or by the breakdown in law and order and civil conflict, without being fully convinced by the project's econometrics. I am skeptical that the four "anti-growth syndromes" are really distinct from one another, for example, and I would argue that most governments engaged in a bit of all of these policies. At the very least, the ability to maintain law and order was in part causally

related to the policy failures of governments. I am skeptical that the project's coding decisions, involving hundreds of complex and difficult judgments based on shaky data, are replicable, or that outcome variables did not affect coding decisions. For instance, Botswana is offered as a "shining example of a syndrome-free" economy for its entire postcolonial history, despite a highly interventionist government that consistently redistributed national wealth, albeit highly successfully.

The Botswana case is indicative of a broader conceptual problem with the project, namely the failure to adequately distinguish between types of government expenditure, or the quality of expenditure. Yet clearly the developmental quality of government intervention accounts for Botswana's economic record, rather than its level. This seems even more obvious in success stories outside of Africa, such as South Korea or Taiwan. A tremendous opportunity to better understand these finer grained dynamics of the growth experience was lost by a narrow research approach that consistently favored an aggregate macroeconomic approach. There is virtually no discussion of health or education policies, for instance, and the devastating economic impact of HIV/AIDS in the 1990s is recognized once in the first chapter and then ignored. Similarly, the book alludes to the economic salience of Africa's poor infrastructure half a dozen times, but it never analyzes the record or the reasons that infrastructure did not improve during this period. The book does integrate political economy into its analysis as well as social cleavages such as ethnicity, but at much too general a level to offer much guidance to the case studies—which tend to allude in general terms to political dynamics but only rarely assess them in systematic fashion.

My final criticism extends to the project's essentially static analytical framework, which makes no attempt to assess the region's structural changes during the period under review. It does not seem to matter to the authors that literacy rates have doubled or tripled in the region since 1960, or that urbanization levels have undergone similarly vertiginous increases. Changes in the international economic context are also barely mentioned, even though global capital flows and exchange rate regimes dramatically changed during these periods. Finally, the study is little interested in and generally dismissive of the political changes that occurred during the period, including the wholesale adoption of competitive electoral politics in the 1990s. Could these factors really not matter to the region's growth experience? Could they in fact help to explain the region's greater economic success over the course of the last decade? I am sympathetic to the need for parsimony, which gives this study its undoubted analytical power, yet the failure to integrate so many factors that are clearly important to understanding the region's growth record and future potential ultimately suggests a failure of intellectual imagination.