

The African economic past by numbers

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Two central propositions:

1. Data availability limits and shapes research questions.
2. Quantitative on the African past data are limited in quality and availability

Dominant questions and narratives on African economic development

- Paul Collier: «Why has Africa grown slowly?»; «chronic failure of growth»; *Bottom Billion*
- T. Besley and Person: «Why Do Developing Countries Tax So Little?»
- D. Acemoglu and J. Robinson: *Why Nations Fail; Why is Africa Poor?*

Three features in common:

- 1) **EVIDENCE:** “Compression of History” - using evidence for a very recent past to make statements about long term trends.
- 2) **MODE OF COMPARISON:** Using “subtraction approach” rather than “reciprocal comparison” – explaining Africa as a gap, a shortcoming with a lack of something.

The Power of Datasets

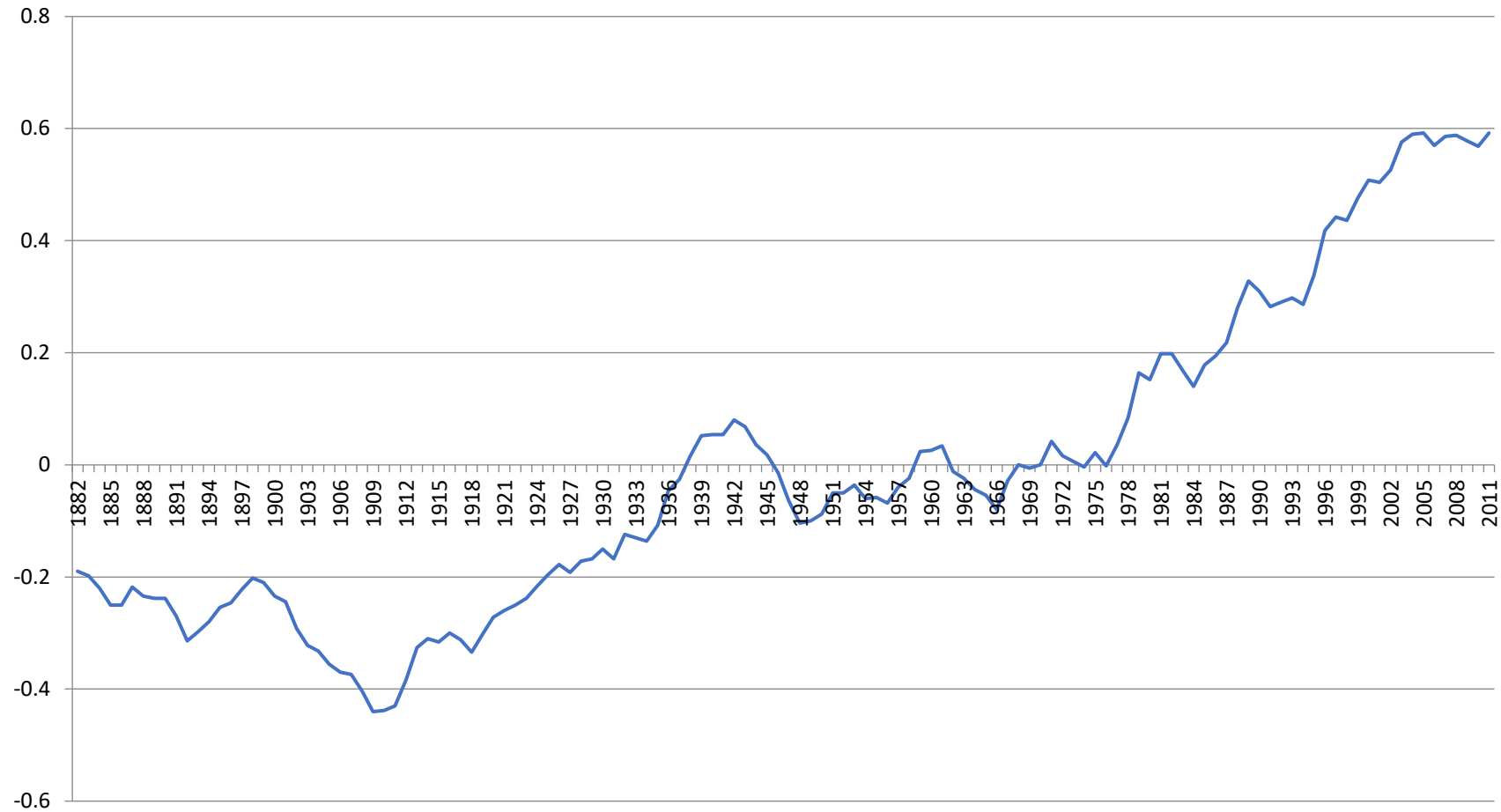
Global Warming Example

Why did it take so long to recognize global warming?

One of the key key reasons for the delay in recognizing the global warming threat was the power of the global mean temperature data set.

(Maslin, 2005 p. 27)

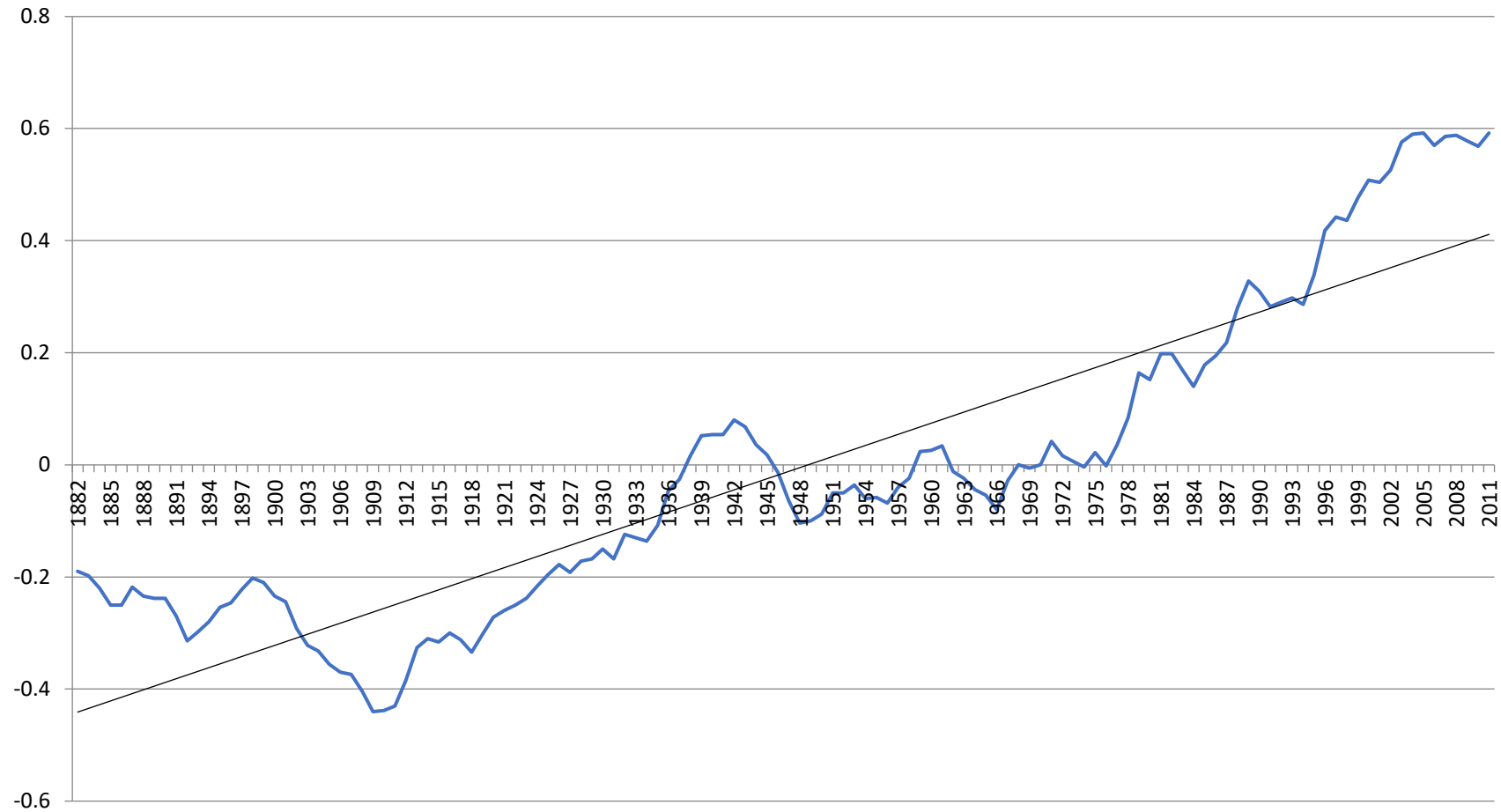
Global Land-Ocean Temperature Index



Hansen, J., M. Sato, R. Ruedy, K. Lo, D.W. Lea, and M. Medina-Elizade, 2006: Global temperature change. Proc. Natl. Acad. Sci., 103, 14288-14293

Note: Anomaly with base: 1951-1980

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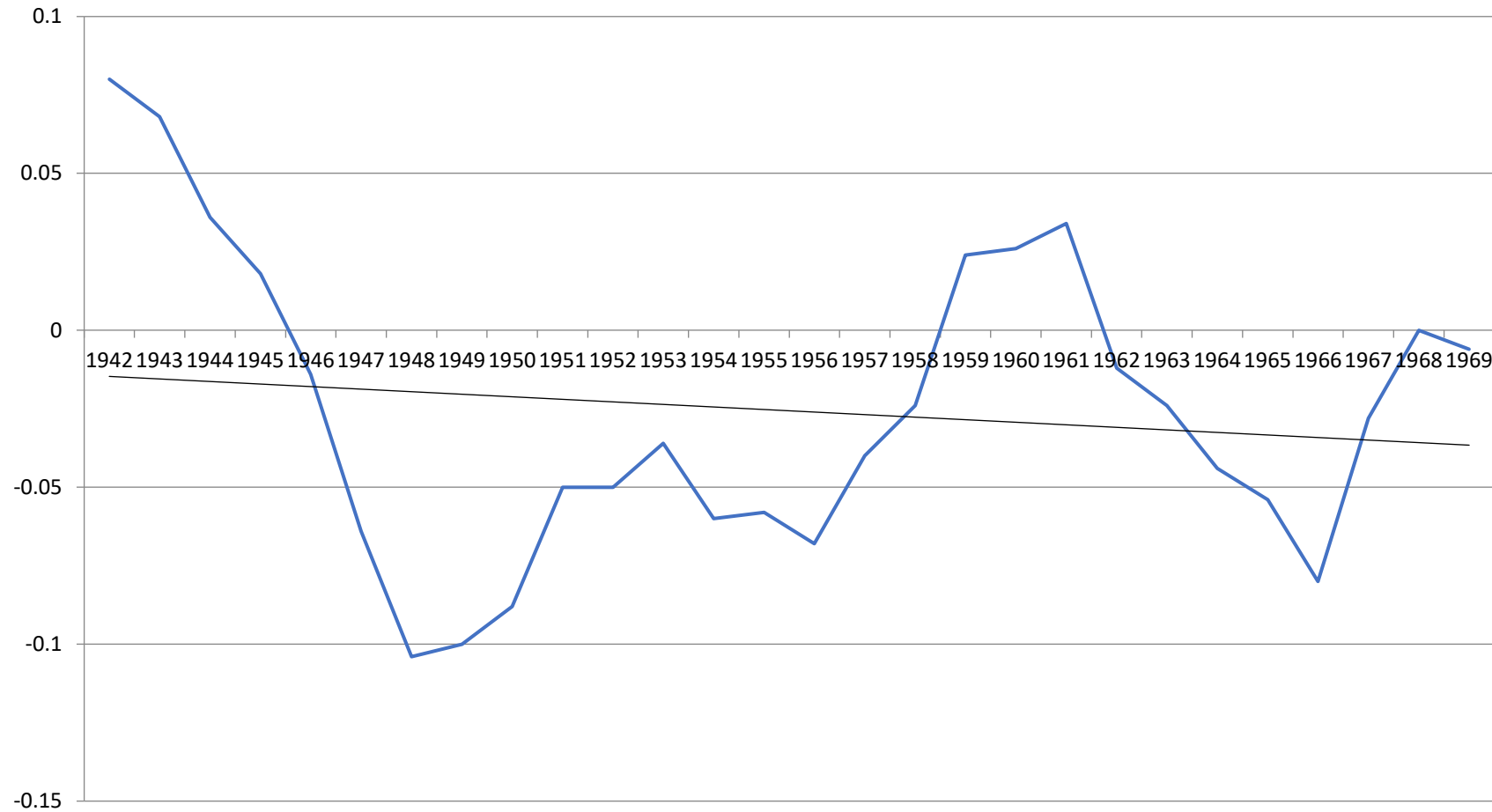
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A cooling planet?

« Since the 1940's the northern half of our planet has been cooling rapidly. Already the effect in the United States is the same as if every city had been picked up by giant hands and set down more than 100 miles closer to the North Pole. If the cooling continues, warned the National Academy of Sciences in 1975, we could possibly witness the beginning of the next Great Ice Age. Conceivably, some of us might live to see huge snow fields remaining year-round in northern regions of the United States and Europe. Probably, we would see mass global famine in our life times, perhaps even within a decade. Since 1970, half a million human beings in northern Africa and Asia have starved because of floods and droughts caused by the cooling climate. »

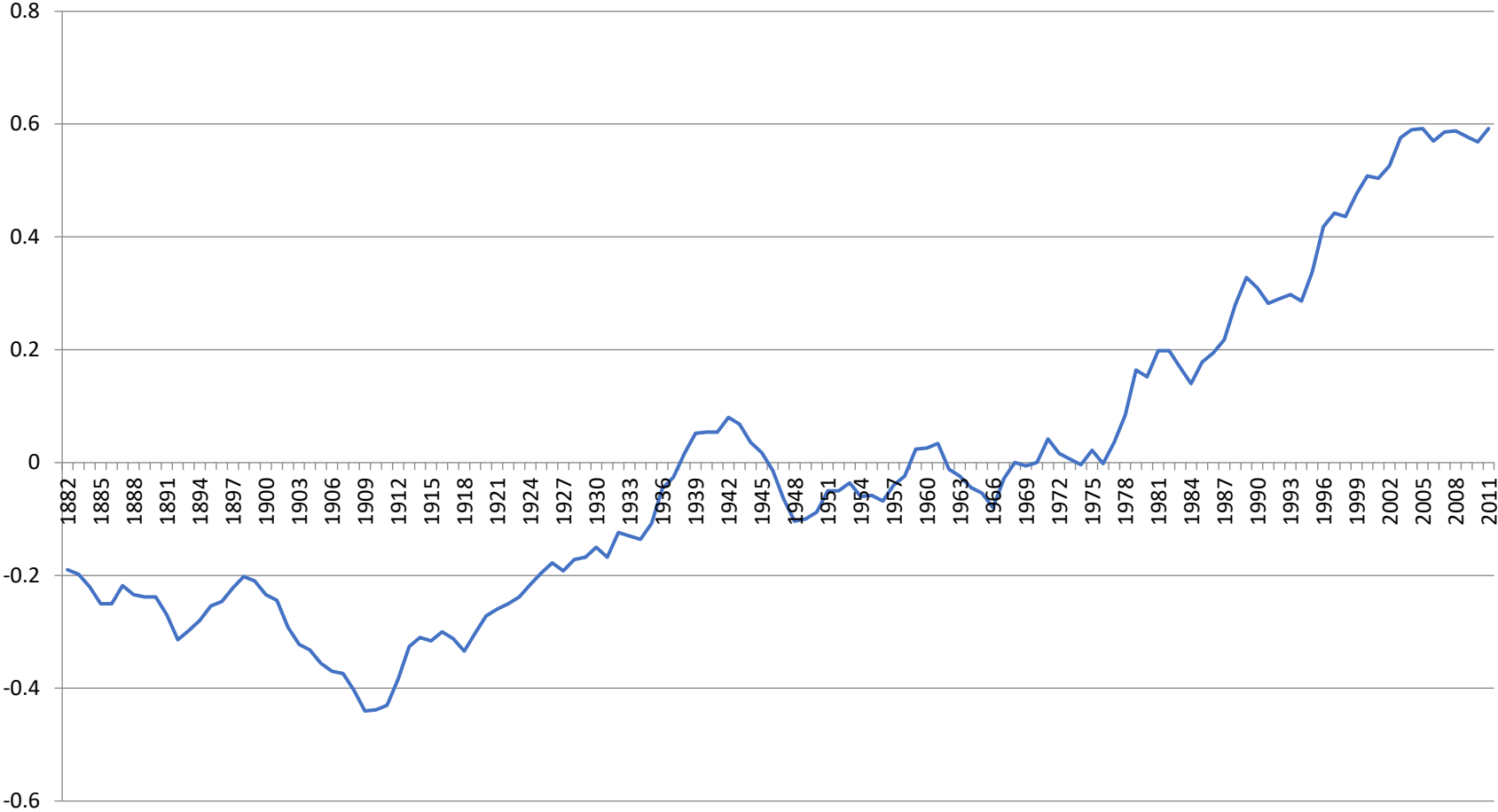
Lowell Ponte, *The Cooling: Has the Next Ice Age Already Begun? Can We Survive It?* published in 1975 by Prentice-Hall.

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When is year '1' in African Economic Development?

- Current data sets on growth starts in 1960
- Current data sets on poverty starts in 1990
- Current data sets on taxation starts in 1980

A New Economic History for Africa?

New avenues of research

1. Growth
2. Taxation
3. Poverty and Inequality

Sometimes exploiting relatively underutilized and relatively rich colonial sources (taxes, prices, wages) other times working with fragmented and sparse sources (population and poverty).

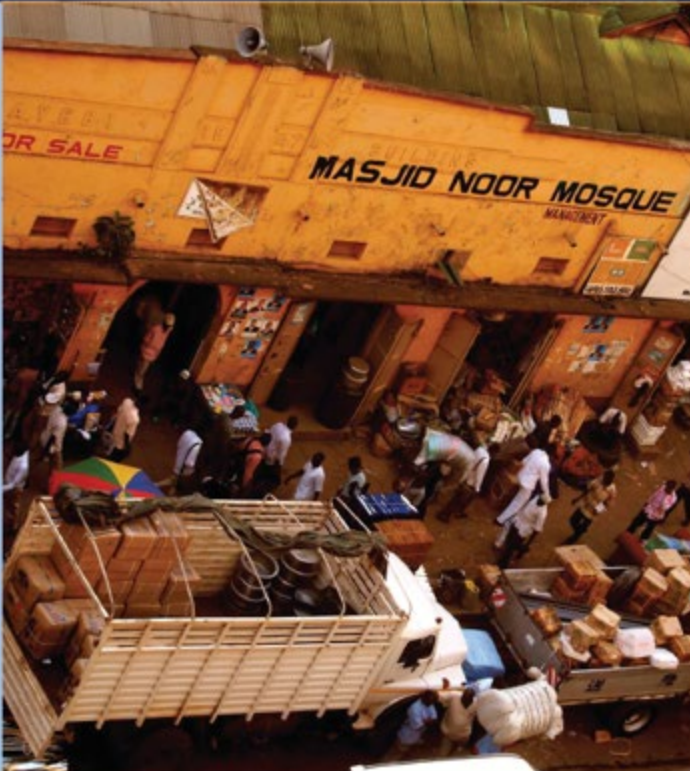
Challenge: connecting connecting pre-colonial, colonial and post-colonial sources and correctly assessing missing data bias.

NEW APPROACHES TO ECONOMIC AND SOCIAL HISTORY

THE WEALTH AND POVERTY OF AFRICAN STATES

Economic Growth, Living Standards and Taxation
since the Late Nineteenth Century

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The Wealth and Poverty of African States

- 1 - A New Economic History for Africa?
- 2 - Seeing Like an African State in the Twentieth Century
- 3 - New Data and New Perspectives on Economic Growth in Africa
- 4 - State Capacity across the Twentieth Century: Evidence from Taxation
- 5 - Wages and Poverty: From Roots of Poverty to Trajectories of Living Standards

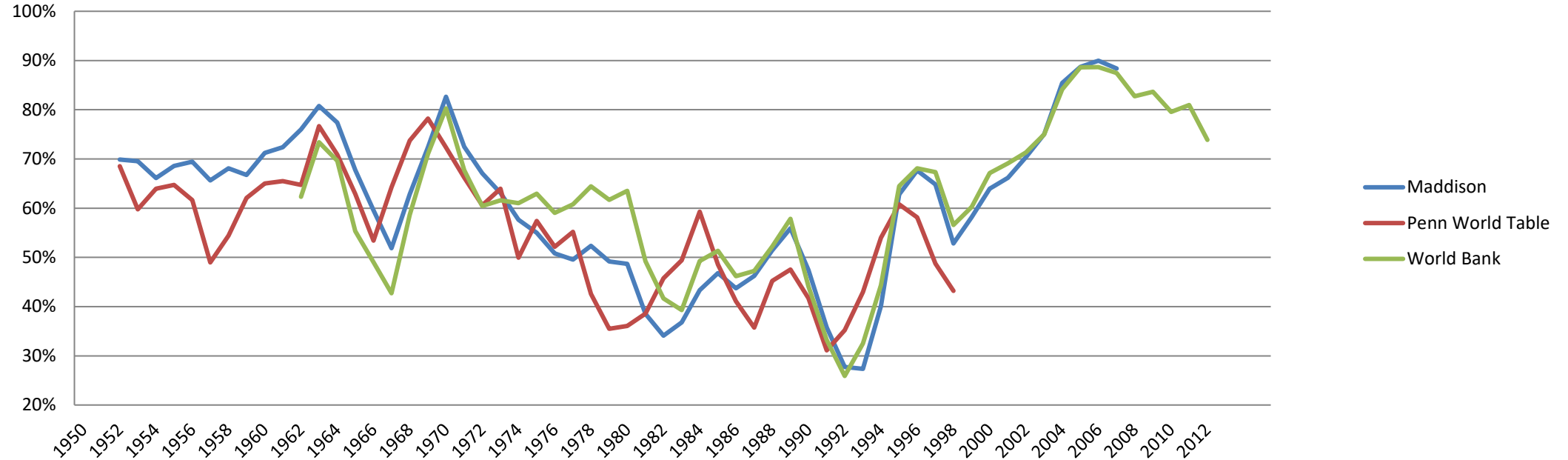
GROWTH

African growth recurring : An economic history perspectives on growth episodes, 1690–2010

- There are documented periods of growth in Africa since the 17th century. The revenue base of the state has been changing dramatically through recurring periods of growth and expansion, and the character of the state has determined how and whether these revenues were re-invested. Periods of rapid economic change were accompanied by institutional change. These patterns of boom and bust crucially affected state revenue, and thus necessitated reorientation of the state, a process that was often slow, costly and associated with conflict

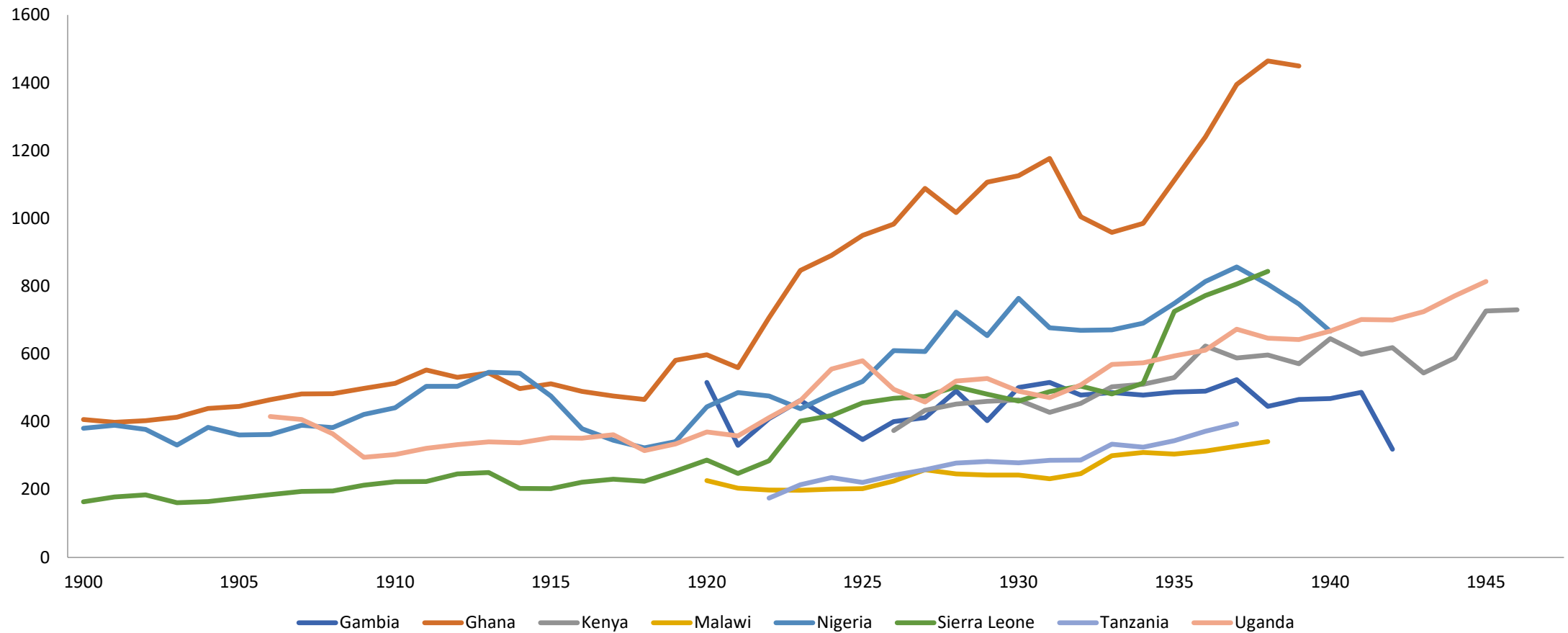
African growth recurring

Percentage of the African Population living in economies that grow faster than 3 percent (three-year moving average)



Maddison: 52 countries covered (1951-2008); Ethiopia and Eritria are combined as a single observation
PWT: 9 (1951-54); 11 (1955); 13 (1956-59); 16 (1960); 41 (1961); 42 (1962-64); 43 (1965-70); 48 (1970-99)
WB: 32 (1961-64); 31 (1965); 33 (1966); 35 (1967); 36 (1968-70); 38 (1971-76); 39 (1977-80); 44 (1981); 45 (1982); 46 (1983-86); 47 (1987); 48 (1988-89); 49 (1990-93); 50 (1999); 51 (2000); 52 (2001-2008); 53 (2009-2013)

GDP PER CAPITA, 1900-46 (1990 INTERNATIONAL DOLLARS)



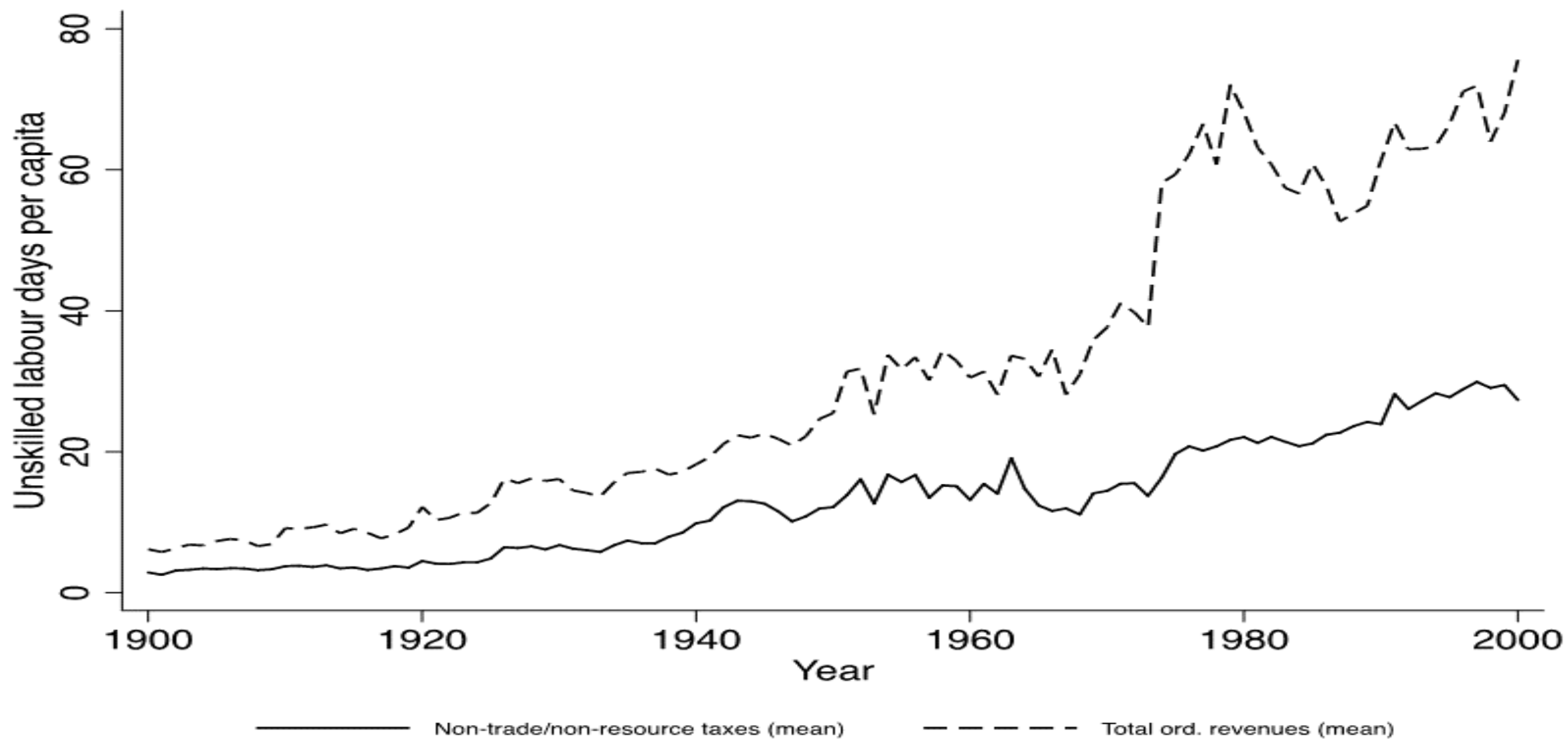
Lessons for the historical study of growth in Africa

- With growth in many economies from the 1890s to the 1970s and then only interrupted from 1975s to 1995s, writing about the 20th century for Africa as a 'growth tragedy' is a mistake, caused by lack of data.

TAXATION

Compression of history: the tax version

The lack of time series data on taxation in Africa, has meant that the dominant focus has been on explaining a very important, but perhaps too reductive question of why some less developed poor countries are taxing so little in comparison with rich countries today.



Growth in fiscal capacity

Monetary revenue extraction in the mean state has grown by a factor of 10, despite stagnation and decline in late 1960s and early 1980s

Conclusion

- Research has focussed on the important, but perhaps overly reductive question of why African states tax so little rather than exploring trajectories of fiscal states in the 20th century.

Poverty

The timing of introducing the '1 dollar per day' extreme poverty measure with the 1990s has meant that 'Africa' and 'Poverty' has become intimately linked.

«Key motivating insight: “in 1950 12 percent of world inhabitants with incomes less than median lived in Africa. By 1992, 30 percent did”
Bourguignon and Morrison 2002

New evidence on real wages (Frankema and Wajenburg) and anthropometrics indicate a long and sustained increase in living standards from the 1890s until the 1970s.

'Seeing like an African
State'

A New Economic History of Africa?

Beyond the divide of 'causal history' and 'compression of history'

Expanding the quantitative boundary of investigation....

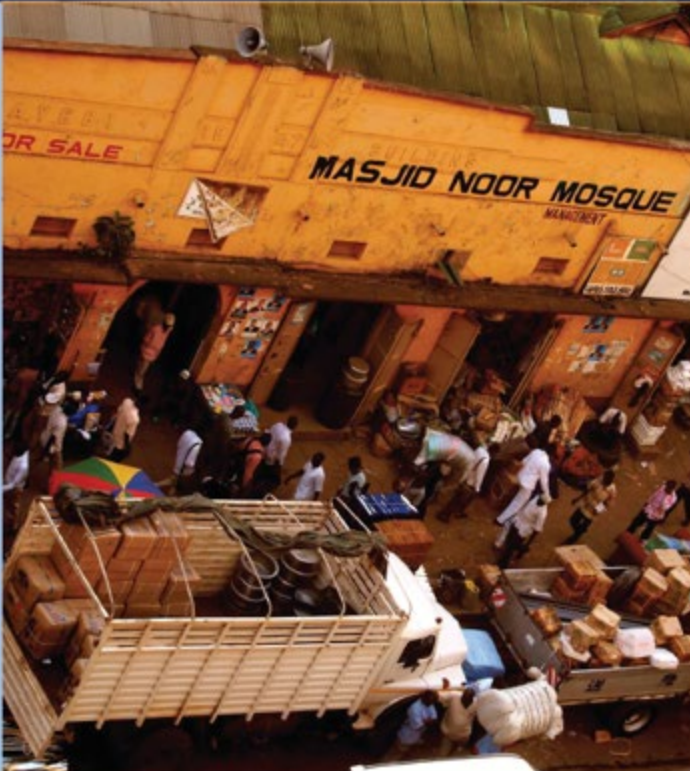
...while not only amassing more numbers, but interrogating the numbers using multiple sources of data.

Recognizing and substantiating historical economic and institutional change is important in its own right. To dismiss growth and states as failed risks not learning from history – the key is to understand under what circumstance states developed, and under what circumstance they did not.

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