The Institutional Origins of Inequality in Sub-Saharan Africa

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stratification, colonialism, natural endowments, political institutions, authoritarianism

Abstract
This article provides a political explanation for the unexpectedly high levels of income inequality found in the African region today. Traditional explanations for inequality are reviewed and found not to be compelling. Instead, it is argued that natural endowments in the region shaped the nature of colonial institutions, which in turn created the conditions for the high levels of inequality found today. The surprisingly high levels of inequality in Africa can be understood as resulting from a process of class formation linked to dynamics of state building that have their origins in the economic institutions of the early colonial state. Insofar as political power has often been used to gain economic advantages during the postcolonial era, inequality has changed little over the past 40 years, despite the official focus on development and poverty alleviation by donors and governments alike.
INTRODUCTION: THE PUZZLE OF SOCIOECONOMIC INEQUALITY IN SUB-SAHARAN AFRICA

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

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

As more income distribution data on African economies have finally become available during the past two decades, the relatively high inequality throughout sub-Saharan Africa has provided a major surprise. As shown in Table 1, the comparative numbers suggest average inequality levels in Africa to be broadly comparable to those in Latin America and considerably higher than those in Asia.

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

Curiously, the recent political science literature on domestic inequality in the developing world is sparse, and on sub-Saharan Africa, it is virtually nonexistent. Political scientists have been interested in explaining the global inequality across nations but have devoted negligible attention to domestic inequality.

Table 1  Inequality in Africa, Asia, and Latin America around 1998 (Milanovic 2003)

<table>
<thead>
<tr>
<th>Inequality average country Gini coefficient</th>
<th>Africa</th>
<th>Asia</th>
<th>Latin America</th>
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<tbody>
<tr>
<td>47.1</td>
<td>35.6</td>
<td>50.5</td>
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<table>
<thead>
<tr>
<th>Gini standard deviation</th>
<th>7.9</th>
<th>7.7</th>
<th>6.2</th>
</tr>
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<tbody>
<tr>
<td>Minimum Gini</td>
<td>38 (Madagascar)</td>
<td>23 (Japan)</td>
<td>39 (Barbados)</td>
</tr>
<tr>
<td>Maximum Gini</td>
<td>66 (Lesotho)</td>
<td>54 (Papua New Guinea)</td>
<td>60 (Colombia)</td>
</tr>
</tbody>
</table>
Inequality is sometimes utilized as an explanatory variable in studies of conflict or political instability but rarely as a variable to be explained. The recent report of the American Political Science Task Force on Difference, Inequality and Developing Societies (2007) provides a good example; the half of the report that is on domestic inequality rather than global inequality mostly concerns the consequences of inequality for economic growth and political stability. The report is vague regarding the causes of inequality in the developing world, and very little of the data concerns low-income Africa.

A better understanding of Africa’s surprisingly high inequality is important. As just suggested, inequality is widely viewed as having a negative long-term effect on the prospects for political stability. Understanding the causes of inequality, thus, is a first step toward understanding and preventing political instability. In addition, and not coincidentally, an emerging literature has established that inequality has negative consequences for economic growth and poverty alleviation (Alesina & Rodrik 1994, Perotti 1996, Persson & Tabellini 1992, Nel 2003 on Africa). Scholars also agree that democracy is less likely to flower in highly unequal societies (e.g., Boix 2003).

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

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

THE CHARACTERISTICS OF CONTEMPORARY INEQUALITY

The low quality and dearth of distribution data for Africa enormously complicates the task of this article. During the past two decades, an increasing number of household and individual surveys of consumption, income, or expenditures have been undertaken in Africa that allow us to estimate the level of inequality in the region. Nonetheless, the different methodologies used and data quality issues seriously limit the degree of comparability across time periods and countries. Cross-national comparisons typically involve a small number of data points for no more than two dozen of sub-Saharan Africa’s 48 countries. Nor are coverage gaps random: fewer studies get done in the poorer and less politically stable countries, which may well have characteristics that correlate with income distribution dynamics. Different surveys vary in the unit of analysis (individuals or households), the sample (total population, population in the primate city, population of a specific region or province, and so on), and the focus of the distribution (income, consumption, expenditures). These differences result in sometimes sharply different distribution data that are not clearly comparable across countries.
These same problems cloud the issue of longitudinal trends. The first attempt to collect systematic inequality data from the developing world is reported by Deininger & Squire (1996, 1998), who argue only eight national data points of acceptable quality exist before 1980 for the 48 countries in sub-Saharan Africa. The current comprehensive UNU-WIDER data-base on inequality lists a total of 36 surveys for 16 countries between 1945 and 1965, but none of the surveys receives UNU-WIDER’s top rating for quality, and only a single one (Madagascar, in 1962) gets the second highest rating. Thus, although the quality of the surveys appears to have improved over time, one must be exceedingly careful about conclusions regarding longitudinal trends in individual countries.

With these caveats in mind, Table 2 provides the available Gini coefficients for African countries between 1995 and 2004. Although there are other measures with merit (Fields 2001, Milanovic 2005), the broad availability and general recognition of the Gini coefficient leads me to adopt it as the main measure of inequality in this article. Table 2 provides an estimated Gini coefficient from the latest available surveys with a quality rating,1 as well as an average of different estimated Gini coefficients from different surveys during this period. When there was only one survey during the period, the same Gini is reported in both columns. Although the differences between the columns give some pause, these numbers do provide a composite view of contemporary social inequality in the region.

The estimated Gini coefficients provide a first glance at income inequality in the region. The least one can say is that there appears to be remarkable variation. Gini coefficients above 0.6 are generally viewed as exhibiting extreme levels of inequality. Yet five countries are at this level or close to it (Lesotho, Central African Republic, Kenya, Zimbabwe, and Namibia). At the other extreme, five countries are below 0.4, which puts them below average for all developing countries.

How have these data evolved over time? UNU-WIDER includes data on 16 countries from the late 1950s and early 1960s. The average Gini coefficient reported for these countries is 0.49, very similar to the average for the present period reported in Table 2. The economics literature similarly does not suggest a strong trend over time. Deininger & Squire (1998) suggest that average inequality levels in Africa declined between the 1960s and the 1990s. With more recent data, Milanovic (2003) agrees that inequality declined in the immediate postindependence years but suggests that it has been increasing since the early 1990s. Artadi & Sala-i-Martin (2003) report a steady increase in inequality for Africa throughout the postindependence period. In fact, it is not clear there is a single regional trend over time. The latest version of the World Bank’s POVCALNET data set, which provides perhaps the most comparable data on cross-national income inequality (reported in Ferreira & Ravallion 2008), reports multiple data points for 28 of the 48 countries in the region; the Gini coefficients Ferreira & Ravallion report appear to be increasing in six countries and decreasing in 11, and no clear trend is apparent in 11. One problem with characterizing the evolution of inequality over the past 30 years is the existence of multiple data points for only a handful of countries. The POVCALNET reports more than three Gini coefficients for only 11 countries. For his part, Milanovic draws his conclusion about regional trends from a comparison of 10 observations in the 1960s, 3 in the 1970s, 13 in the 1980s, and 42 observations in the 1990s. Because data availability is unlikely to be random but rather correlated with salient factors such as the number of settlers in the country, the level of gross national product (GNP), the level of intrastate conflict, or the national concern with policy issues relating to inequality, conclusions about longitudinal trends seem largely hypothetical.

What are the other characteristics of the inequality that is observed? A large literature

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1WIDER (2007) provides a data quality rating with 1 representing the highest quality and 4 the lowest quality.
suggests that overall inequality is both caused by and related to certain characteristic social patterns in the region. Thus, Sahn & Stifel (2003) find very sharp inequalities in asset holdings, particularly in the countryside. Access to social services such as education and health care is often highly unequal throughout the region, with significant urban/rural, gender, and regional disparities (see Okojie & Shimeles 2006 for a good literature review). These

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Quality</th>
<th>Gini</th>
<th># of surveys</th>
</tr>
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<tbody>
<tr>
<td>Benin</td>
<td>2003</td>
<td>3</td>
<td>36.5</td>
<td>1</td>
</tr>
<tr>
<td>Botswana</td>
<td>1994</td>
<td>2</td>
<td>53.7</td>
<td>4</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>2003</td>
<td>3</td>
<td>39.5</td>
<td>8</td>
</tr>
<tr>
<td>Burundi</td>
<td>1998</td>
<td>3</td>
<td>41.8</td>
<td>2</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1996</td>
<td>1</td>
<td>50.8</td>
<td>3</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>1992</td>
<td>3</td>
<td>61.4</td>
<td>3</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>2002</td>
<td>3</td>
<td>44.5</td>
<td>5</td>
</tr>
<tr>
<td>Djibouti</td>
<td>2002</td>
<td>3</td>
<td>40.9</td>
<td>3</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1995</td>
<td>2</td>
<td>52.7</td>
<td>1</td>
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<tr>
<td>Gabon</td>
<td>1994</td>
<td>3</td>
<td>44.1</td>
<td>1</td>
</tr>
<tr>
<td>Gambia</td>
<td>1998</td>
<td>3</td>
<td>47.1</td>
<td>9</td>
</tr>
<tr>
<td>Ghana</td>
<td>1999</td>
<td>3</td>
<td>40.7</td>
<td>7</td>
</tr>
<tr>
<td>Guinea</td>
<td>1994</td>
<td>2</td>
<td>55.1</td>
<td>6</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>1994</td>
<td>3</td>
<td>44.3</td>
<td>2</td>
</tr>
<tr>
<td>Kenya</td>
<td>1999</td>
<td>3</td>
<td>62.5</td>
<td>6</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1999</td>
<td>3</td>
<td>60.0</td>
<td>6</td>
</tr>
<tr>
<td>Madagascar</td>
<td>1993</td>
<td>1</td>
<td>48.5</td>
<td>6</td>
</tr>
<tr>
<td>Malawi</td>
<td>2004</td>
<td>3</td>
<td>39.0</td>
<td>3</td>
</tr>
<tr>
<td>Mali</td>
<td>2001</td>
<td>3</td>
<td>40.1</td>
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<td>Mauritania</td>
<td>2000</td>
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<td>Mozambique</td>
<td>2002</td>
<td>3</td>
<td>47.3</td>
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<td>Namibia</td>
<td>1993</td>
<td>3</td>
<td>73.9</td>
<td>1</td>
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<tr>
<td>Niger</td>
<td>1995</td>
<td>3</td>
<td>50.6</td>
<td>3</td>
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<tr>
<td>Nigeria</td>
<td>2003</td>
<td>3</td>
<td>43.7</td>
<td>7</td>
</tr>
<tr>
<td>Rwanda</td>
<td>2000</td>
<td>3</td>
<td>45.4</td>
<td>1</td>
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<tr>
<td>Senegal</td>
<td>2001</td>
<td>3</td>
<td>41.3</td>
<td>6</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>2003</td>
<td>3</td>
<td>39.0</td>
<td>1</td>
</tr>
<tr>
<td>South Africa</td>
<td>2000</td>
<td>3</td>
<td>56.5</td>
<td>5</td>
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<tr>
<td>Swaziland</td>
<td>2001</td>
<td>3</td>
<td>50.4</td>
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<td>Tanzania</td>
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<tr>
<td>Uganda</td>
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<td>3</td>
<td>45.7</td>
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<tr>
<td>Zambia</td>
<td>2004</td>
<td>3</td>
<td>50.8</td>
<td>14</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1995</td>
<td>3</td>
<td>73.1</td>
<td>3</td>
</tr>
</tbody>
</table>

**AVERAGE**

|             |      |             | 50.1 |             | 49.2 |

different disparities often compound each other; for example, gender imbalances in education or health appear to be more glaring in poorer regions and isolated rural areas (e.g., Christiaensen et al. 2003). Indeed, observers have remarked on the striking nature of spatial inequality in the subcontinent, noting large differences in income across regions within the same countries and substantial urban/rural differences. A first stylized fact is the stark contrast between a rich coastal region and a much poorer hinterland, a phenomenon that is particularly evident in West Africa. A second stylized fact has it that distance from the capital city is positively correlated with poverty (Christiaensen et al. 2003).

TRADITIONAL EXPLANATIONS FOR INEQUALITY

This section reviews three standard explanations for income inequality in the developing world.

The Inverted-U Hypothesis

A Kuznets-like dynamic, in which inequality would be related to the level of economic development, finds little empirical support in the data, a finding already reported by Milanovic (2003). Figure 1 graphs inequality numbers on GNP per capita and reveals no discernable bivariate relationship. To be sure, some of Africa’s middle-income countries (e.g., Botswana) have relatively high levels of inequality. However, some of the region’s poorest countries (such as Central African Republic) also do. There are some dynamics that are compatible with a Kuznets effect in individual countries, notably in the spatial inequality just described in the previous section. However, they do not appear to have any explanatory power at the cross-national level.

Land Asset Inequality

Another traditional explanation for the level of inequality in developing countries is the
relationship between the distribution of land assets and income inequality. It has long been established that settler colonies such as South Africa and Zimbabwe promoted sharp rural inequality, which resulted in a very small minority of Europeans owning hugely disproportionate shares of the arable land. In South Africa, for instance, whites made up ∼5% of the population yet owned 87% of the land (Manji 2001, p. 330). There is thus every reason to believe that the observed inequality in a handful of countries is related to the substantial community of settler farms there before independence. Such countries would include Kenya, in addition to countries in southern Africa such as Namibia, South Africa, and Zimbabwe. I return to the issue of the impact of colonialism on inequality below.

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

**Figure 2**
Arable land and inequality.

\[ y = 16.204x + 44.039 \]
\[ R^2 = 0.1473 \]
land per capita, the higher the level of inequality. The literature has found a similar result for Latin America, a point to which I return below.

Globalization

A third standard explanation, both for high levels of inequality in the developing world and for increasing levels of inequality, is the nature of the region’s insertion into the global economy. A substantial literature has long argued that global economic factors cause both economic stagnation and inequality in developing countries (American Political Science Association 2007). It should be noted that these two effects of the global economy need not go together. Global capitalism could cause stagnation but promote equality, or vice versa. In this article, I do not address the impact of global capitalism on growth but only on inequality.

The causal mechanism for such a link is not clear. The traditional economics argument provides that foreign direct investment and global trade dynamics increase wages in the receiving low-income economy. This argument is supported by the venerable Stolper-Samuelson theorem, which predicts that the relatively abundant factor of production (low-wage labor) benefits from trade openness (but see Davis & Mishra 2007). This is the logic that leads some observers to argue that the forces of globalization are increasing inequality within the industrialized countries by pushing down wages (for discussions, see Firebaugh 2003, Krugman & Lawrence 1993). Because Africa has a comparative advantage in low-wage labor relative to the developing countries, one would expect investments to benefit low-wage laborers and increase their purchasing power, thus improving the distribution of income.

In any event, since Africa has received very little foreign direct investment over the past 30 years outside of the oil industry in a handful of countries, the generally high levels of inequality observed in the region cannot generally be explained by the usual globalization theories. Even in the case of oil producers, the standard argument has to be refashioned. The argument for a link between foreign investment and inequality is usually that salaries in the open part of the economy are lower than average, not higher, as is typically the case with salaries in the high-value, capital-intensive oil sector.

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

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

The three standard arguments reviewed above come from economics. A fourth standard argument moves us to the realm of political economy, and it concerns the impact of colonialism on sub-Saharan Africa. It provides a useful starting point from which I then build my own, institutionalist argument. An influential recent literature (e.g., Engerman & Sokoloff 2000, Acemoglu et al. 2001, Hoff 2003) has argued that natural endowments and the resulting colonial institutions had a powerful structuring effect on the political economies of New World countries. Contrasting North and Latin America, Engerman & Sokoloff (2000) argue that labor scarcities and the economies of scale of the plantation agriculture for which tropical Latin America and the Caribbean were suited resulted in a slave economy with substantial inequalities of income and social status, and the control of the state by a land-holding oligarchy. Over time, the legacy of these initial endowments was a set of political economy institutions that sustained high levels of inequality and slow growth. In contrast, factor endowments and geography resulted in much more egalitarian smallholder settler economies in North America that would eventually promote democratic and more responsive government, even if they initially appeared poorer and endowed with less economic potential.2 This literature argues that inequality today can be traced back to these initial conditions and their impact on colonial and postcolonial institutions.

African Versus American Colonialism

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

Thus, at least superficially, the initial conditions facing colonists in much of tropical Africa resemble those in Latin America. The differences between colonialism in the Americas and Africa, moreover, are probably even more important to the specific dynamics of stratification observed in Africa. First and foremost is the difference in duration. The colonial era in the Americas lasted roughly 300 years, from 1500 to the early part of the nineteenth century, ending decades before the Berlin conference of 1884 partitioned Africa among the European powers and signaled the “scramble” for the region. The several centuries of European control of the Americas created domestic institutional and state traditions that became in some sense indigenous to the colonies and to colonial society, even when the proportion of the population that was of European descent was a distinct minority. In Africa, on the other hand, the period of colonialism was very brief—roughly a six- to eight-decade interlude between the end of the nineteenth century and the decades immediately following World War II. As a result, the colonial state was always a foreign creation, superimposed on and separate from the local society and its customs, and regarded as deeply illegitimate (Abernethy 2000, Young 1994).

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

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

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

**Consequences of African Colonialism**

This state of affairs had several consequences that are important to patterns of contemporary inequality. First, the European colonial presence across Africa was exceedingly thin. Outside of southern Africa, only Kenya could claim a non-African population in six figures at independence. Colonial state structures were small: Kirk-Greene (1980, p. 39) estimates at 7666 the total number of officials in Britain’s African colonies in 1939, including military and police officers. European settlers, broadly defined as permanent groups of non-Africans who did not work for the administration, were rarely more numerous. Etemad (2007, p. 191) estimates the entire European population of sub-Saharan Africa (excluding South Africa, but including the settler colonies of Portuguese
Africa) in 1938 at 550,000, equivalent to 0.4% of the continent’s total population. The Belgian Congo, the biggest colony in the center of the continent, for instance, included only 24,000 Europeans in 1938 (Etemad 2007, p. 177), the overwhelming majority of whom lived in the colonial capital, Leopoldville, or the mining enclave of Katanga. By comparison, Brazil had 390,000 Europeans as early as 1760 (Etemad 2007, p. 21), and by the early twentieth century, the least Europeanized Latin American countries could still count on half the population being at least mestizo, the result of several centuries of contact between indigenous and settler populations.

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

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

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

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

Colonial investments in education and health were at first mostly ignored, or designated as the responsibility of the Christian missions. By the 1920s, a rudimentary system of public provision of social policies was put in place, but its inadequacies are too well known to be retold here (Kilson 1970, Cogneau 2003). The diffusion of services by the missions in the early colonial period exacerbated spatial inequalities, since the missions made their way inland from the coast slowly, and were less active in regions under indirect rule. In West Africa, this often meant a significant difference in literacy levels at the time of independence between the more Christianized and administered south and the Muslim and indirectly ruled north. For instance, in Nigeria, English literacy in the south hovered just under one fifth of the population by 1940, but was limited to 2% in the North (Kohli 2004, p. 313).

Third, the primary function of the colonial state was not to promote economic development but to enforce law and order, and in so doing, to demonstrate its own sovereignty over the territory. Given their nature as “the minimalist vehicles of alien hegemony,” in Young’s (1994, p. 215) felicitous phrase, colonial states were not meant to be responsive to citizen needs, since local populations were not viewed as full-fledged citizens but rather as subjects. Given the fresh memories of pacification, the deep illegitimacy of the state in the eyes of Africans meant, in addition, that a primary purpose of the state bureaucracy was to control the population and keep it docile.

For much of the colonial era, governments found it hard to recruit functionaries for their colonies, given the often lethal harshness of the tropical conditions; as a result, the European bureaucracy in most African colonies was both better paid and less qualified than its metropolitan counterparts (Crowder 1970). The colonial administration thus often recruited officials whose poor performance had limited their advancement in the metropole, and who were attracted by the greater degree of responsibility and discretionary power they were likely to enjoy in the colonies. Combined with the subaltern status and lack of political power of African populations, this state of affairs further undermined the responsiveness of states and contributed to a state culture of imperiousness and self-regard. Colonial states were more corrupt (Tignor 1993) and often less effective than their metropolitan counterparts.

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

INEQUALITY AND THE CONSTRUCTION OF THE MODERN AFRICAN STATE

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

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

How intimately class formation in postcolonial Africa was linked to state politics is one of the central themes of the Africanist political economy literature and need not be repeated here. Diamond (1987), Sklar (1979), Bayart (1989), and others have argued that for emerging elites in postcolonial Africa, political power was the quickest and easiest route to economic wealth. Colonialism had bequeathed a shockingly low level of trained manpower; the first generation of men, and to a lesser extent women, to return to the continent with European degrees could expect rapid promotion within government, and such a career typically represented a far more secure path to wealth than a career in the underdeveloped private sector. Bakary (1993) shows that government cabinets in Ivory Coast in the decade following independence were largely composed of members of this exiguous elite with the first available university degrees.

Why did the governments that emerged at independence not do more to lower inequality? An exhaustive analysis is well beyond the scope of this article, which limits itself to just three related points regarding processes of social stratification.

The Governing Class

First, as postcolonial states were constituted, a distinctive process of class formation emerged, which exacerbated the patterns set by colonial administrations. Part of the attractiveness of state employment was related to the nature of the colonial administration described above. The relatively smooth transition to independence meant that French and British colonial administrations were indigenized with remarkably few changes. Salaries and benefits were either kept at the same levels or were not adequately transformed to reflect the conditions of local labor markets. Even though
inflation was to slowly but surely make inroads into these salaries, one result was that public-sector wages were considerably higher relative to wages in the rest of the economy than in OECD countries (Lindauer & Nunberg 1994). Working for the government, in other words, brought on a substantial premium. This created enormous pressure on governments to increase the number of positions within the bureaucracy, which in any event also had a political logic for governments seeking to increase their popularity, particularly once economic growth began to fail. The rapid growth of the bureaucracy, which commonly more than tripled in size in the first decade of independence, is well documented (Lindauer & Nunberg 1994).

The segments of the population that were most likely to benefit from this system were often regions and groups that had benefited the most from the colonial era. Thus, in West Africa, the state after independence tended to be predominantly staffed by ethnic groups that had been close to the coast or capital city. These groups had typically enjoyed closer and longer contacts to the colonial authorities. In countries like Nigeria, the predominantly Muslim hinterland that had typically benefited much less from the mission-dominated colonial education systems were less likely to have received the first scholarships to go study in Europe. Groups in the hinterland suffered from a legacy of poor infrastructure and communications. Initial advantages were reinforced over time, exacerbating the regional differences that are so striking today.

The expense of maintaining a relatively privileged administration has constituted an important opportunity cost for these states, given their low level of resources. I have documented elsewhere (van de Walle 2001) the extraordinary sovereignty expense of the African state, with its large government cabinets, ambitious diplomatic services, and various perks of service. Most comparative statistics suggest that African state expenditures have remained relatively small—here again fiscal difficulties have been apparent—but that the share of these expenditures going to recurrent government consumption have been unusually large. The cost in poor countries can be substantial, reflected in foregone poverty reduction programs and the neglect of poorer hinterland regions.

**State Performance and Corruption**

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

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

**Government Policies**

The third reason postcolonial governments failed to alter older patterns of inequality relates to the policies they have pursued, itself the result of the political dynamics just described. In their policies and investments, postcolonial governmental commitments to equitable development have been uneven at best. True, the progressive developmental ideology promoted by most postcolonial African governments dramatically enlarged the state’s core mission, despite not improving its performance or responsiveness. Even as the state bureaucracy increasingly combined the faults of colonial administration with an enhanced venality and chaotic growth, it also enthusiastically adopted many fashions from donor states, ranging from women’s rights to environmental protection. True, also, the postcolonial state has received substantial amounts of foreign aid by donors, who have thus had a real impact on development policies on the continent, some of which have been genuinely redistributive. Nonetheless, the failure of most postcolonial governments to overturn the patterns of inequality they inherited has much to do with the content of the policies effectively implemented during the past 40 years.

It is striking, for instance, how little governments have managed to alter the patterns of regional disparity described above that had developed during the colonial era. For example, few countries successfully diversified away from the small number of export commodities that tended to be at the root of these disparities. Thus, Mali and Burkina Faso remain dependent on their cotton exports, the monoculture established by the French colonial administration that to this day benefits only a small minority of rural households, while Rwanda and Burundi remain dependent on coffee exports, and Zambia has relied on copper exports for most of its history. Indeed, regional disparities have worsened in some cases. In Nigeria, the increasing role of oil, now accounting for >90% of exports, has actually resulted in the decline of exports for such agricultural commodities as cocoa or cotton that had once enriched specific non–oil-producing regions.

The public policies adopted by governments since independence have in some cases exacerbated the process of social stratification. The tone was set in many countries in the decade after independence, when governments used the rhetoric of socialism and nationalism to transfer significant assets belonging to foreigners to the political class (see Rood 1976). In some countries, indigenization policies had legitimate public-policy objectives, even if their long-term impact on private-sector investment typically proved disastrous, but their implementation was almost invariably politicized. It represented a key step in “straddling processes,” in which top political families also came to be prominent families in commerce and industry. Much the same can be said about the redistribution of settler lands in countries such as Kenya and Zimbabwe (Jenkins 1997), in which nationalist and progressive rhetoric during the early postcolonial era disguised the appropriation of the best lands by a remarkably small number of members of the political elite, so that the land reforms pursued did not actually result in a less unequal distribution of land assets.
In the more industrialized regions of the developing world, the state provided tangible support to the manufacturing sector under the rubric of Import Substitution Industrialization (ISI) strategies during the 1950s and 1960s (Kohli 2004, Waterbury 1999). Industry-friendly policies nurtured urban working and middle classes, potentially mitigating inequality. In Africa, where the industrial sector was small and closely linked to commercial interests that in turn were linked to the colonial metropole (Swainson 1980), trade policy was never really integrated within a viable industrial strategy; instead it was mainly motivated by the rent-seeking it made possible (Bienen 1990). Not uncommonly, state agents undermined official trade policies with large-scale smuggling and the systematic selling of import licenses (Hibou 1996). In general, and with some notable exceptions, the trade and exchange rate policies that might have had a positive effect on income distribution primarily served to enrich a small elite and promote the consumption patterns that exacerbated urban bias tendencies.

Other policies have had a less overt but no less real impact on social stratification. One of the hallmarks of African policy making in the postcolonial era has been the woeful underfunding of social policies relative to other government expenditures, notably military expenditures (Table 3).

The record of most African governments is not easy to ascertain, given the often inflated and inaccurate nature of social indicators and the enormous variation across states in the region (see below), but the continuing failure to reach universal primary education in much of west and central Africa is striking, as is the absolutely dismal nature of health services provision in much of the continent. In their survey of education outcomes in developing countries, Glewwe & Kremer (2006) show that African countries have consistently underperformed both other regions and even low-income countries in other regions for outcomes such as enrollment rates, average age of schooling, and so on. The persistence of low human capital has been a consequence of low social spending, which in turn probably helps account for the low levels of foreign direct investment (FDI), which might have served to promote more widely distributed economic growth.

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

Government tax policies probably also have regressive effects on income distribution. Tax systems have been narrowly based and too reliant on trade and sales taxes. In the first two decades of independence, tax policies exhibited striking urban bias; states taxed agricultural production in order to finance the state’s expansion and parastatal industrial and agro-industrial schemes, with often devastating impact on rural incomes (Bates 1981). It was not unusual for governmental marketing boards to pass on <25% of the world price of cocoa, coffee, or cotton to farmers. Because the incidence  

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<th>Health</th>
<th>Education</th>
<th>Military</th>
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<tr>
<td>Average</td>
<td>1.98</td>
<td>4.18</td>
<td>3.32</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.2 (Nigeria)</td>
<td>0.7 (Nigeria)</td>
<td>0.7 (Ghana)</td>
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<tr>
<td>Maximum</td>
<td>3.9 (Angola)</td>
<td>9.1 (Namibia)</td>
<td>20.5 (Angola)</td>
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Table 3 Public expenditures in sub-Saharan Africa, late 1990s (Addison 2001)
of poverty is typically greater in the countryside, such tax policies had regressive impact, as well as deeply negative consequences for economic growth.

In addition to their content, the implementation of tax policies, with enormous leakages and fraud, typically enhanced the regressive nature of the systems. In general, policies are more regressive after implementation than on paper. One reason is the excessive reliance on supplementary budgets during the course of the fiscal year in many countries, as they invariably are directed at defense expenditures or presidential discretionary programs that are not likely to be progressive. Economists and the public policy literature often treat the regressive nature of public policy as exogenous to the politics of the country. These are viewed as lapses of good public policy, largely due to breakdowns in implementation. Where state capacity is low, this view is partly warranted. Nonetheless, the consistent failure of public expenditures in most African countries to have a progressive impact on income and asset distribution is better understood as endogenous to the process of state formation and class stratification in these countries.

**CROSS-NATIONAL VARIATION**

This article has focused on the modal patterns observed across Africa. This section briefly nuances the argument by describing some exceptions to and variation within these patterns. A first exception to introduce is the slightly different logic within the settler economies of southern Africa. Based on a global data set, Angeles (2007) argues that colonialism increased inequality only when European settlers constituted a significant yet minority proportion of the overall population in the colony. Thus, he argues, inequality was lower in colonies such as New Zealand and Australia, in which European settlers were a significant majority of the population, as well as in colonies, such as many of those in Africa, where there was almost no settler population. Inequality was highest when settlers represented a privileged minority. This accords with what we know of a small number of settler colonies in southern Africa, in which colonial authorities acted on behalf of the economic interests of a sizeable minority of white settlers. Levels of inequality in these settler colonies are consistently above regional averages. However, since among the countries without settlers there remain a number of high-inequality countries, it is clear that the Angeles model explains only part of the variation observed in the region.

It seems likely that the dynamics of inequality in the settler colonies of southern Africa may be somewhat different from the ones discussed here. For instance, I suspect that South Africa follows patterns much more similar to those described above for Latin America, with substantial European immigration and a much earlier pattern of colonization. In other words, although the former settler colonies also have high levels of inequality, it may well be for other reasons. Why is inequality then not even higher in these states? It can be hypothesized that settlers created a racist state, but one that was more competent and more responsive to societal needs, largely because of the political power of the settlers. For the settlers’ benefit, the state wanted to promote economic development, albeit an exclusionary version. The racial inequality promoted by the apartheid state was thus attenuated by the different dynamic of state formation in countries in which a substantial minority of the population was empowered and civil society was allowed to flower, particularly after the onset of black majority rule. What had been white settler institutions became mechanisms of vertical accountability in the new regimes. It is thus suggestive that white settler Southern Rhodesia (to become Zimbabwe) had the highest proportion of school-age children in school in 1960, 96% compared to a continental average of 36% (Fieldhouse 1986).

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

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

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

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

**CONCLUDING REMARKS**

The surprisingly high levels of inequality in Africa can be understood as part and parcel of a process of class formation linked to processes of state building that originated in the economic institutions of the early colonial state. The original natural conditions faced by European colonists in Africa in the nineteenth century shaped the political and economic institutions they established in the region. The resulting colonial state institutions were not accountable or responsive to African populations, and were as a result less likely to improve the welfare of the majority of the population. In addition, the limited nature of African colonialism, due in large part to fiscal exigencies, created the conditions for the emergence of substantial spatial inequalities, which persist to this day. Colonialism favored certain indigenous groups, which often inherited the state at independence.
Much of the postcolonial era has witnessed the consolidation of these initial advantages. Insofar as political power has been used to gain economic advantages during the postcolonial era, inequality has little changed in the past 40 years, despite the official focus on development and poverty alleviation by donors and governments alike. The recent democratization of the region’s politics, however imperfect, provides a salutary opportunity to change these dynamics, although it must be said that the process is likely to be long and arduous.

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