
Book Reviews

The Development of African Capitalism

John Sender and Sheila Smith, *The Development of Capitalism in Africa*, Methuen, London and New York, 1986;

Paul Kennedy, *African Capitalism: The Struggle for Ascendancy*, Cambridge University Press, New York, 1988.

Capitalism has had a bad name in Africa, so that even staunchly capitalist-oriented regimes, such as that of Kenya, have felt the need to hide their capitalist faces behind the cloak of 'African Socialism'. The reasons for this are not hard to find. Capitalism is associated with colonialism and colonialism is universally reviled in Africa. The nationalists who inherited state power at independence derived their legitimacy from the inter-twined ideologies of anti-colonialism and populism. And they worshiped at the altar of statism, partly because the 'masses' expected the state to deliver all those privileges denied them under colonial rule, such as good schools, hospitals and jobs, and partly because they themselves were materially weak and the state offered them a means of accumulation. It was a harsh environment for capitalism to thrive, at least at the ideological level. Not surprisingly, scholarly discourse on the development of capitalism in Africa was noted more for its ideological posturing than its analytical rigour.

Things are beginning to change. It is now three decades since most of Africa regained its independence. The memory of colonialism has dimmed. Many Africans living today were born after colonialism and their existential reference is to the independence era. The capacity of the state to deliver has also diminished as a result of conjunctural and structural factors. African states have been engulfed by economic crises of varying severity since the mid-1970s. The 'informal sectors' have expanded almost in proportion to the shrinkage of the formal economy regulated by the state. Equally important is the often forgotten fact that the post-colonial state has succeeded in expanding civil society particularly through the rapid growth of education and the bureaucracy. The bourgeois and petty-bourgeois classes have grown.

The stirring of civil society for more space have served to undermine statism. In short, there are indigenous elements, some of whom were fostered by the state itself, in whose interests it is to trim the tentacles of the state.

There are also powerful external pressures, represented by the World Bank and the IMF, pushing for a reduced role of the state in the economy and encouraging political pluralism. The collapse of the socialist regimes of Eastern Europe has not only discredited monolithic one-party states that have been so dominant a feature of political culture in independent Africa, but it has also helped rekindle interest in the capitalist path of development in those African and Third World countries where capitalism was a dirty word. For all these reasons African capitalism has come out of the closet and scholarly interest in the subject is growing.

The two books under review seek to trace the development of capitalism in Africa since colonial times to the 1980s. The book by Sender and Smith is the shorter and less successful of the two. The book begins with a rather tepid and dated discussion of trade and production in pre-colonial Africa. The authors are obviously poorly read in African economic history. Long-discredited myths are resurrected: that commodity production was severely limited by lack of markets, poor technology and constant warfare. Needless to say, these assertions are not substantiated. This serves as the backdrop to their main argument in Chapter 2 that dynamic and sustained commodity production in Africa began under colonial rule, during which there was '(a) the transformation of subsistence goods into commodities; (b) backward linkages, including the development of markets for the means of production; (c) forward linkages; (d) fiscal linkages' (p. 10). What follows is an incoherent exercise in enumeration of crops and manufactured goods produced, road and railway mileage built, and the volume of exports and imports. The discussion lacks chronological structure, for statistics are thrown together regardless of the period, and it ignores the processes involved in the production of the various commodities enumerated.

The discussion on the emergence of wage labour in Chapter 3 is equally unsatisfactory. An abstract and contrived contrast is drawn between capitalist and pre-capitalist labour processes. The authors believe that servile labour was dominant and that hired labour was extremely rare in precolonial Africa. Neither assertion can stand up to the available evidence. Household labour was the dominant form of labour and the use of hired labour in commodity production and transport was more widespread than was once thought. It is also not true, as the authors assert, and certainly not for all the colonial powers, that 'direct and overt coercive methods of securing labour began to be abandoned at an early state' (p. 48). The British revived forced labour in their colonies during the Second World War, the French abolished it for the first time after the war, and the Portuguese persisted with it until

they were thrown out of their colonies in the early 1970s. In any case, labour coercion should not be seen exclusively, in terms of recruitment, but also in terms of control of the production process.

It is unfortunate that colonial labour history is often reduced to wage labour, for there were other important forms of labour, including unremunerated women's household labour, which helped produce and reproduce colonial capitalist society. As in the previous chapter, statistics on the labour market are thrown about for a number of countries without any meaningful contextual discussion of the processes involved. The chapter is peppered with assertions that the quality of life of working people improved, but we are not told when and compared to what. Certainly in the early colonial period life for working people was, to use Hobbes' phrase, truly nasty, brutish and short. The demographic evidence is overwhelming.

The last two chapters are far more interesting. Chapter 4 covers trade, industrialization and the post-colonial state. It is argued that 'the development of the forces of production in many post-colonial African economies has been extremely rapid' (p. 67). Evidence on agricultural and industrial production and infrastructural investment is adduced to substantiate the point. It is salutary to be reminded, at a time when it is fashionable to see Africa through the prism of crisis, stagnation and decline, that economic growth and profound socioeconomic transformations have occurred since independence. The authors do examine economic stagnation or decline in some countries in Chapter 4, singling out Ghana, Mozambique, Ethiopia, and Tanzania. Nothing informative is really said about any of these countries. The authors dismiss the two dominant explanations of economic crisis in Africa, one that 'attributes economic failure to the misallocation of resources created by state intervention and interference with the play of market forces', and the other which 'emphasizes the exploitative nature of economic relationships with imperialist states', particularly 'the structural constraints, resulting from such factors as price instability and deteriorating terms of trade' (p. 110). But their alternative explanation is limp. It is not enough to blame the crisis on 'the failure of African states to formulate a coherent or effective trade strategy' because of 'a set of ideological tenets', principally nationalism (p. 125). Indeed, calling on African countries to increase investment in established primary exporting sectors and abandon their efforts aimed at export diversification and manufacturing echoes the standard World Bank line.

Sender and Smith vigorously argue, contrary to many currently popular views, that state intervention was not motivated by ill-conceived ideological considerations. Rather, it was historically imperative given the pressures of mass nationalism, the interests of the new rulers to consolidate and legitimize their authority, and the need to promote and protect domestic industry in a highly competitive world market. Indeed, in all 'late'

industrializing countries the state has played an interventionist role. Far from 'crowding out' private entrepreneurship the post-colonial state in Africa has actually promoted the interests of the indigenous bourgeoisie through the provision of credit, removal of discriminatory colonial legislation against Africans, public ownership achieved by nationalizations and the establishment of parastatals, and preferential licensing allocation systems. The picture presented is, however, too homogenized. Sender and Smith fail to distinguish the different types of post-colonial states in Africa, their development strategies, and their changing policies towards, and often contradictory relations with the indigenous bourgeoisie.

Sender and Smith's attempt to trace the development of capitalism in Africa ultimately fails, not because such a process is not taking place in Africa as dependence theory would make us believe, but because they have not demonstrated it. Who are the African capitalists? What are their patterns of accumulation? In which sectors have they been investing? What is the nature of their relationship with the state, foreign capital and labour?

Some of these questions are addressed by Kennedy, who looks more systematically at the development of African capitalism. Kennedy's introductory analysis on 'economic development during the colonial period' follows the balance-sheet approach so despised by Rodney and favoured by the notorious imperialist ideologues, Duignan and Gann, in which the debits of colonialism are counterbalanced with the credits. Kennedy believes that colonialism had its advantages and disadvantages. On the debit side were failure to initiate modern manufacturing, subordination of local economies to the uncertainties of the world market, drainage of capital, while on the credit side was the establishment of modern forms of transport, administration, education and the provision of foreign investment and aid. This 'grocery type' of history is too schematic to be useful.

As far as the aspiring African capitalists were concerned, colonialism carried more debits than credits. Kennedy produces abundant evidence in Chapter 3 to show that African entrepreneurs received little, if any, help from the colonial state. Moreover, deliberate legal and administrative restraints were applied against them. These restraints took many forms, including restrictions against getting licenses and credit, producing cash-crops, and recruiting hired labour, discriminatory taxation policies and support for European settlers and Asian and Levantine trading minorities. In addition, African entrepreneurs were ill-equipped to compete with the better capitalized, organized and protected foreign capital, which not only dominated the local economy but also external trade and commerce. These constraints were compounded by, Kennedy asserts, poor entrepreneurial skills. This point is, however, not directly substantiated; Kennedy merely counterposes the entrepreneurial skills of Asian and Levantine traders. There is sufficient evidence from the nineteenth century which shows that

entrepreneurial skills in precolonial Africa were not in short supply. Despite the colonial constraints, Kennedy argues, African capitalism did grow, at first slowly, confined to segments of the traditional ruling class, petty traders, and the newly educated elite 'straddling' wage employment and productive enterprise and trade, and then more rapidly between 1940 and 1960 as some of the restrictions imposed on African entrepreneurs were lifted as a result of growing nationalism and post-war economic expansion generally. The class of African entrepreneurs was now joined by the agents of multinational companies which were beginning to penetrate the African economies.

Independence marked a watershed in the development of African capitalism. Indigenous capital could expect support from the post-colonial state more than was ever possible under colonial rule. The new governments proclaimed their intentions to promote national economic development. The self-avowed socialist and Marxist regimes openly expressed their antagonism to private capital, whether foreign or local, although it was the latter that suffered more because it was already weak. Ironically, these states continued the colonial state's anti-market predilections and tradition of suppressing indigenous capital.

In contrast, the capitalist-oriented states sought to break with that tradition in their endeavour to promote indigenous capital. Indigenization programmes were launched, credit institutions were expanded, foreign trading minorities were pushed out from some sectors, and so on. But even in these countries relations between the state and indigenous capital were quite complex in practice. In many of them state support for indigenous capital was often half-hearted. It is possible, as Kennedy argues, that the political class, or the bureaucratic bourgeoisie, as he calls it, saw a vigorous indigenous capitalism as more of a threat to its continued hegemony than foreign capital or the capital of minority groups which could be more easily manipulated. In fact, in some countries, such as Uganda under the first Obote regime:

bureaucratic bourgeoisie was quite prepared not only to tolerate, but to openly forge an alliance with certain factions of those very foreign interests against whom some of its ideological pronouncements had previously been directed and at the same time that it was proclaiming the necessity of socialist planning and national economic autarchy (pp. 71-2).

In other countries, such as Kenya, the state showed little ambivalence in its effort to promote indigenous capital. 'Government officials and politicians in Kenya', writes Kennedy:

have not only used state power to benefit local enterprise, despite its initial weakness compared to foreign capital, they have also tended to engage in private business activities in their own right, placing their own personal funds at risk as well as loans obtained from the public purse (p. 95).

Kennedy believes that the Kenyan case is rather unique. "The special feature of the Kenyan situation", he contends:

lies less in the ability of an economically predominant class to capture direct state power or buy off the bureaucracy, but has more to do with the willingness of educated officials and politicians to view private business endeavour and public office-seeking not as mutually opposed activities... but as overlapping and complementary endeavours, both of which could be followed simultaneously at the individual and national level (p. 96).

This is an exaggeration. It is certainly simplistic to attribute, as Kennedy does, 'the much firmer hold which the lure of continuous business endeavour seems to have had for many educated and powerful Kenyans, seen as a realistic and preferred goal for personal endeavour, compared to other Africans... to the earlier experience of white-settler farming and other European investments' (p. 97).

Kenya was not the only country with such investments, and the settlers were never all that successful as farmers, as recent research has amply demonstrated. Moreover, apart from its voluntarist connotations; Kennedy's account freezes the relationship between the state and indigenous capital in Kenya. Under the Moi regime, the Kenyan state has progressively sought to undermine the accumulative interests of the most developed indigenous bourgeoisie belonging to the now politically marginalized Kikuyu ethnic group, while promoting those of the previously underprivileged but now politically powerful Kalenjin ethnic group. In order to achieve this the state has also facilitated an alliance between the aspiring Kalenjin bourgeoisie and foreign capital against the Kikuyu bourgeoisie which had become sufficiently strong to be national.

Clearly, the relations between the state and indigenous capital have been subject to change depending on the power basis of the state itself, as well as the nature and strength of the indigenous capitalist class, and a host of other important factors, including the country's form of colonization and decolonization, its level of economic development and integration into the world capitalist economy, and the configuration of class, ethnic and regional forces.

The relations between indigenous capital and foreign capital are also quite complex and subject to change. Kennedy is rightly critical of those

who indiscriminately dismiss the African bourgeoisie as compradors. Not all linkages between indigenous entrepreneurs and foreign capital are compradorial. And compradorial activities themselves need to be distinguished. According to Kennedy the classic business compradors were the small traders who participated in the import-export trade in the late nineteenth century. From 1945, new comprador groups emerged including the representatives appointed by foreign companies based both overseas and locally. With nationalization and indigenization decrees came the 'frontmen' and 'protectors' mostly of restricted Asian and Levantine business.

More recently another form of business compradorship has emerged associated with the shift to local ownership through the purchase of equity capital by African shareholders. These categories need not be accepted. But it is simplistic to assume that the 'comprador' elements do not have their own accumulative interests, or that there is no conflict between them and foreign capital. There is no immutable law that decrees that once a comprador always a comprador. There are many examples of entrepreneurs who started as compradors but graduated into independent entrepreneurs. More work needs to be done on this process of capital accumulation. The tendency has been to freeze compradorial activities in time. As a result of the perverse influence of dependency theory in African scholarship comparatively little research has been done on non-comprador business activity.

Kennedy suggests, without going into detail, that most African enterprises are small-scale. This is not unique to Africa. The world over, even in the developed countries, small businesses constitute the lifeblood of capitalist enterprise. More comparative studies are needed on the structure and organization of these enterprises in Africa and their historical evolution. But we also need to know more about the formation of large indigenous enterprises. Under what conditions have some small-scale enterprises matured into large ones? What are the linkages between small-scale and large-scale indigenous enterprises, and between them and foreign capital? To date, research on small-scale enterprises has gone under the rubric of the 'informal sector', a designation of dubious theoretical and empirical value.

Kennedy is also critical of the modernization theorists who see 'traditional' culture as an obstacle to entrepreneurial activity. There is nothing new in his critique. It cannot be overemphasized that such cultures hardly exist. If by 'traditional' is meant precolonial, economic historians have shown that the precolonial past was neither static nor was innovations uncommon. In the last three chapters, 7, 8 and 9, Kennedy raises many interesting issues, which are unfortunately not fully discussed. More concrete case studies would have enlivened his analysis of the entrepreneurial spirit, business fortunes and the social origins of African capitalists. The relationship between indigenous capital and labour is

perfunctorily treated. So is the question of innovation, production and marketing, and the strategies of capital accumulation and the patterns of intergenerational wealth transference. His conclusion that African capitalism is growing despite the economic crisis and the consequent shrinkage of statism, is tantalizing, but requires greater demonstration than we have been offered here.

These two books raise important questions, although some of the answers provided are unsatisfactory. Despite their obvious difference in terms of depth of coverage and analytical rigour, the two books share a number of things in common. One is their eclectic approach; the authors deliberately avoid using any of the dominant paradigms that have been used in analyzing development and underdevelopment in Africa. This has its advantages and disadvantages. The advantages are that it allows them to ask questions previously buried under a plethora of assumptions masquerading as facts. The disadvantages are that their analyses sometimes lack coherence, and in their more prescriptive poise they often fail to see that their ideas are recycled views of the modernization school. Second, the two books share the predilection of Western scholars to make generalizations about Africa when they are in fact talking of a small handful of African countries. It is time we got liberated from the designations Sub-Saharan Africa, of Kennedy's choker, Black Sub-saharan Africa. Surely Africans have countries, regions, and, yes, a continent by which they can better be known rather than by a piece of sand or dosage of melanin.

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