

Abstract

We investigate the historical roots of poverty, with particular reference to the experience of Africa during the 20th century. We find that institutional inheritance is an important influence on current underdevelopment; but in addition, we argue that the influence of policies on institutions is highly significant, and that in Africa at least, a high representation of European settlers in land ownership and policy-making was a source of weakness, and not of strength. We argue this thesis, using mortality rates as a proxy for poverty levels, with reference to two settler colonies – Zimbabwe and Kenya – and two peasant export colonies – Uganda and Ghana. Our findings suggest that in Africa, settler-type political systems tended to produce highly unequal income distributions and, as a consequence, patterns of public expenditure and investment in human and infrastructural capital which were strongly biased against smallholder agriculture and thence against poverty reduction. Peasant-export type political systems, on the other hand, produced more equal income distributions, whose policy structures and, consequently, production functions were less biased against the poor. As a consequence, liberalisation during the 1980s and 1990s produced asymmetric results, with poverty falling sharply in the ‘peasant export’ systems, and rising in settler economies. These contrasts in the evolution of poverty in the late 20th and early 21st centuries, we argue, can only be understood by reference to differences between the settler and peasant export economies, whose roots lie in political decisions taken 100 years previously.

Keywords: Public expenditure; Lewis model; Poverty; Infant mortality; Historical data

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