14.

Breaking the Mold

Three African Chiefs

On September 6, 1895, the ocean liner *Tantallon Castle* docked at Plymouth on the southern coast of England. Three African chiefs, Khama of the Ngwato, Bathoen of the Ngwaketse, and Sebele of the Kwena, disembarked and took the 8:10 express train to Paddington Station, London. The three chiefs had come to Britain on a mission: to save their and five other Tswana states from Cecil Rhodes. The Ngwato, Ngwaketse, and Kwena were three of the eight Tswana states comprising what was then known as Bechuanaland, which would become Botswana after independence in 1966.

The tribes had been trading with Europeans for most of the nineteenth century. In the 1840s, the famous Scottish missionary David Livingstone had traveled extensively in Bechuanaland and converted King Sechele of the Kwena to Christianity. The first translation of the Bible into an African language was in Setswana, the language of the Tswana. In 1885 Britain had declared Bechuanaland a protectorate. The Tswana were content with the arrangement, as they thought this would bring them protection from further European invasions, particularly from the Boers, with whom they had been clashing since the Great Trek in 1835, a migration of thousands of Boers into the interior to escape from British colonialism. The British, on the other hand, wanted control of the area to block both further expansions by the Boers (pages 260–261) and possible expansions by Germans, who had annexed the area of southwest Africa corresponding to today's Namibia. The British did not think that a full-scale colonization was worthwhile. The high commissioner Rey summarized the attitudes of

the British government in 1885 clearly: "We have no interest in the country to the north of the Molope [the Bechuanaland protectorate], except as a road to the interior; we might therefore confine ourselves for the present to preventing that part of the Protectorate being occupied by either filibusters or foreign powers doing as little in the way of administration or settlement as possible."

But things changed for the Tswana in 1889 when Cecil Rhodes's British South Africa Company started expanding north out of South Africa, expropriating great swaths of land that would eventually become Northern and Southern Rhodesia, now Zambia and Zimbabwe. By 1895, the year of the three chiefs' visit to London, Rhodes had his eye on territories to the southwest of Rhodesia, Bechuanaland. The chiefs knew that only disaster and exploitation lay ahead for territories if they fell under the control of Rhodes. Though it was impossible for them to defeat Rhodes militarily, they were determined to fight him any way they could. They decided to opt for the lesser of two evils: greater control by the British rather than annexation by Rhodes. With the help of the London Missionary Society, they traveled to London to try to persuade Queen Victoria and Joseph Chamberlain, then colonial secretary, to take greater control of Bechuanaland and protect it from Rhodes.

On September 11, 1895, they had their first meeting with Chamberlain. Sebele spoke first, then Bathoen, and finally Khama. Chamberlain declared that he would consider imposing British control to protect the tribes from Rhodes. In the meantime, the chiefs quickly embarked on a nationwide speaking tour to drum up popular support for their requests. They visited and spoke at Windsor and Reading, close to London; in Southampton on the south coast; and in Leicester and Birmingham, in Chamberlain's political support base, the Midlands. They went north to industrial Yorkshire, to Sheffield, Leeds, Halifax, and Bradford; they also went west to Bristol and then up to Manchester and Liverpool.

Meanwhile, back in South Africa, Cecil Rhodes was making preparations for what would become the disastrous Jameson Raid, an armed assault on the Boer Republic of the Transvaal, despite Chamberlain's strong objections. These events likely made Chamberlain much more

sympathetic to the chiefs' plight than he might have been otherwise. On November 6, they met with him again in London. The chiefs spoke through an interpreter:

> **Chamberlain:** I will speak about the lands of the Chiefs, and about the railway, and about the law which is to be observed in the territory of the Chiefs . . . Now let us look at the map . . . We will take the land that we want for the railway, and no more.
> **Khama:** I say, that if Mr. Chamberlain will take the land himself, I will be content.
> **Chamberlain:** Then tell him that I will make the railway myself by the eyes of one whom I will send and I will take only as much as I require, and will give compensation if what I take is of value.
> **Khama:** I would like to know how [i.e., where] the railway will go.
> **Chamberlain:** It shall go through his territory but shall be fenced in, and we will take no land.
> **Khama:** I trust that you will do this work as for myself, and treat me fairly in this matter.
> **Chamberlain:** I will guard your interests.

The next day, Edward Fairfield, at the Colonial Office, explained Chamberlain's settlement in more detail:

> Each of the three chiefs, Khama, Sebele and Bathoen, shall have a country within which they shall live as hitherto under the protection of the Queen. The Queen shall appoint an officer to reside with them. The chiefs will rule their own people much as at present.

Rhodes's reaction to being outmaneuvered by the three African chiefs was predictable. He cabled to one of his employees, saying, "I do object to being beaten by three canting natives."

The chiefs in fact had something valuable that they had protected

from Rhodes and would subsequently protect from British indirect rule. By the nineteenth century, the Tswana states had developed a core set of political institutions. These involved both an unusual degree, by sub-Saharan African standards, of political centralization and collective decision-making procedures that can even be viewed as a nascent, primitive form of pluralism. Just as the Magna Carta enabled the participation of barons into the political decision-making process and put some restrictions on the actions of the English monarchs, the political institutions of the Tswana, in particular the *kgotla,* also encouraged political participation and constrained chiefs. The South African anthropologist Isaac Schapera describes how the *kgotla* worked as follows:

> all matters of tribal policy are dealt with finally before a general assembly of the adult males in the chief's kgotla (council place). Such meetings are very frequently held . . . among the topics discussed . . . are tribal disputes, quarrels between the chief and his relatives, the imposition of new levies, the undertaking of new public works, the promulgation of new decrees by the chief . . . it is not unknown for the tribal assembly to overrule the wishes of the chief. Since anyone may speak, these meetings enable him to ascertain the feelings of the people generally, and provide the latter with an opportunity of stating their grievances. If the occasion calls for it, he and his advisers may be taken severely to task, for the people are seldom afraid to speak openly and frankly.

Beyond the *kgotla,* the Tswana chieftaincy was not strictly hereditary but open to any man demonstrating significant talent and ability. Anthropologist John Comaroff studied in detail the political history of another of the Tswana states, the Rolong. He showed that though in appearance the Tswana had clear rules stipulating how the chieftancy was to be inherited, in practice these rules were interpreted to remove bad rulers and allow talented candidates to become chief. He

showed that winning the chieftancy was a matter of achievement, but was then rationalized so that the successful competitor appeared to be the rightful heir. The Tswana captured this idea with a proverb, with a tinge of constitutional monarchy: *kgosi ke kgosi ka morafe*, "The king is king by the grace of the people."

The Tswana chiefs continued in their attempts to maintain their independence from Britain and preserve their indigenous institutions after their trip to London. They conceded the construction of railways in Bechuanaland, but limited the intervention of the British in other aspects of economic and political life. They were not opposed to the construction of the railways, certainly not for the same reasons as the Austro-Hungarian and Russian monarchs blocked railways. They just realized that railways, like the rest of the policies of the British, would not bring development to Bechuanaland as long as it was under colonial control. The early experience of Quett Masire, president of independent Botswana from 1980 to 1998, explains why. Masire was an enterprising farmer in the 1950s; he developed new cultivation techniques for sorghum and found a potential customer in Vryburg Milling, a company located across the border in South Africa. He went to the railway station master at Lobatse in Bechuanaland and asked to rent two rail trucks to move his crop to Vryburg. The station master refused. Then he got a white friend to intervene. The station master reluctantly agreed, but quoted Masire four times the rate for whites. Masire gave up and concluded, "It was the practice of the whites, not just the laws prohibiting Africans from owning freehold land or holding trading licenses that kept blacks from developing enterprises in Bechuanaland."

All in all, the chiefs, and the Tswana people, had been lucky. Perhaps against all odds, they succeeded in preventing Rhodes's takeover. As Bechuanaland was still marginal for the British, the establishment of indirect rule there did not create the type of vicious circle playing out in Sierra Leone (pages 335–344). They also avoided the kind of colonial expansion that went on in the interior of South Africa that would turn those lands into reservoirs of cheap labor for white miners or farmers. The early stages of the process of colonization are a critical juncture for most societies, a crucial period during which events

that will have important long-term consequences for their economic and political development transpire. As we discussed in chapter 9, most societies in sub-Saharan Africa, just as those in South America and South Asia, witnessed the establishment or intensification of extractive institutions during colonization. The Tswana would instead avoid both intense indirect rule and the far worse fate that would have befallen them had Rhodes succeeded in annexing their lands. This was not just blind luck, however. It was once again a result of the interplay between the existing institutions, shaped by the institutional drift of the Tswana people, and the critical juncture brought about by colonialism. The three chiefs had made their own luck by taking the initiative and traveling to London, and they were able to do this because they had an unusual degree of authority, compared with other tribal leaders in sub-Saharan Africa, owing to the political centralization the Tswana tribes had achieved, and perhaps they also had an unusual degree of legitimacy, because of the modicum of pluralism embedded in their tribal institutions.

Another critical juncture at the end of the colonial period would be more central to the success of Botswana, enabling it to develop inclusive institutions. By the time Bechuanaland became independent in 1966 under the name Botswana, the lucky success of chiefs Sebele, Bathoen, and Khama was long in the past. In the intervening years, the British invested little in Bechuanaland. At independence, Botswana was one of the poorest countries in the world; it had a total of twelve kilometers of paved roads, twenty-two citizens who had graduated from university, and one hundred from secondary school. To top it all off, it was almost completely surrounded by the white regimes of South Africa, Namibia, and Rhodesia, all of which were hostile to independent African countries run by blacks. It would have been on few people's list of countries most likely to succeed. Yet over the next forty-five years, Botswana would become one of the fastest-growing countries in the world. Today Botswana has the highest per capita income in sub-Saharan Africa, and is at the same level as successful Eastern European countries such as Estonia and Hungary, and the most successful Latin American nations, such as Costa Rica.

How did Botswana break the mold? By quickly developing

inclusive economic and political institutions after independence. Since then, it has been democratic, holds regular and competitive elections, and has never experienced civil war or military intervention. The government set up economic institutions enforcing property rights, ensuring macroeconomic stability, and encouraging the development of an inclusive market economy. But of course, the more challenging question is, how did Botswana manage to establish a stable democracy and pluralistic institutions, and choose inclusive economic institutions, while most other African countries did the opposite? To answer this, we have to understand how a critical juncture, this time the end of colonial rule, interacted with Botswana's existing institutions.

In most of sub-Saharan Africa—for example, for Sierra Leone and Zimbabwe—independence was an opportunity missed, accompanied by the re-creation of the same type of extractive institutions that existed during the colonial period. Early stages of independence would play out very differently in Botswana, again largely because of the background created by Tswana historical institutions. In this, Botswana exhibited many parallels to England on the verge of the Glorious Revolution. England had achieved rapid political centralization under the Tudors and had the Magna Carta and the tradition of Parliament that could at least aspire to constrain monarchs and ensure some degree of pluralism. Botswana also had some amount of state centralization and relatively pluralistic tribal institutions that survived colonialism. England had a newly forming broad coalition, consisting of Atlantic traders, industrialists, and the commercially minded gentry, that was in favor of well-enforced property rights. Botswana had its coalition in favor of secure procedure rights, the Tswana chiefs, and elites who owned the major assets in the economy, cattle. Even though land was held communally, cattle was private property in the Tswana states, and the elites were similarly in favor of well-enforced property rights. All this of course is not denying the contingent path of history. Things would have turned out very differently in England if parliamentary leaders and the new monarch had attempted to use the Glorious Revolution to usurp power. Similarly, things could have turned out very differently in Botswana, especially if it hadn't been so

fortunate as to have leaders such as Seretse Khama, or Quett Masire, who decided to contest power in elections rather than subvert the electoral system, as many postindependence leaders in sub-Saharan Africa did.

At independence the Tswana emerged with a history of institutions enshrining limited chieftaincy and some degree of accountability of chiefs to the people. The Tswana were of course not unique in Africa for having institutions like this, but they were unique in the extent to which these institutions survived the colonial period unscathed. British rule had been all but absent. Bechuanaland was administered from Mafeking, in South Africa, and it was only during the transition to independence in the 1960s that the plans for the capital of Gaborone were laid out. The capital and the new structures there were not meant to expunge the indigenous institutions, but to build on them; as Gaborone was constructed, new *kgotlas* were planned along with it.

Independence was also a relatively orderly affair. The drive for independence was led by the Botswana Democratic Party (BDP), founded in 1960 by Quett Masire and Seretse Khama. Khama was the grandson of King Khama III; his given name, Seretse, means "the clay that binds together." It was to be an extraordinarily apt name. Khama was the hereditary chief of the Ngwato, and most of the Tswana chiefs and elites joined the Botswana Democratic Party. Botswana didn't have a marketing board, because the British had been so uninterested in the colony. The BDP quickly set one up in 1967, the Botswana Meat Commission. But instead of expropriating the ranchers and cattle owners, the Meat Commission played a central role in developing the cattle economy; it put up fences to control foot-and-mouth disease and promoted exports, which would both contribute to economic development and increase the support for inclusive economic institutions.

Though the early growth in Botswana relied on meat exports, things changed dramatically when diamonds were discovered. The management of natural resources in Botswana also differed markedly from that in other African nations. During the colonial period, the Tswana chiefs had attempted to block prospecting for minerals in

Bechuanaland because they knew that if Europeans discovered precious metals or stones, their autonomy would be over. The first big diamond discovery was under Ngwato land, Seretse Khama's traditional homeland. Before the discovery was announced, Khama instigated a change in the law so that all subsoil mineral rights were vested in the nation, not the tribe. This ensured that diamond wealth would not create great inequities in Botswana. It also gave further impetus to the process of state centralization as diamond revenues could now be used for building a state bureaucracy and infrastructure and for investing in education. In Sierra Leone and many other sub-Saharan African nations, diamonds fueled conflict between different groups and helped to sustain civil wars, earning the label Blood Diamonds for the carnage brought about by the wars fought over their control. In Botswana, diamond revenues were managed for the good of the nation.

The change in subsoil mineral rights was not the only policy of state building that Seretse Khama's government implemented. Ultimately, the Chieftaincy Act of 1965 passed by the legislative assembly prior to independence, and the Chieftaincy Amendment Act of 1970 would continue the process of political centralization, enshrining the power of the state and the elected president by removing from chiefs the right to allocate land and enabling the president to remove a chief from office if necessary. Another facet of political centralization was the effort to unify the country further, for example, with legislation ensuring that only Setswana and English were to be taught in school. Today Botswana looks like a homogenous country, without the ethnic and linguistic fragmentation associated with many other African nations. But this was an outcome of the policy to have only English and a single national language, Setswana, taught in schools to minimize conflict between different tribes and groups within society. The last census to ask questions about ethnicity was the one taken in 1946, which revealed considerable heterogeneity in Botswana. In the Ngwato reserve, for example, only 20 percent of the population identified themselves as pure Ngwato; though there were other Tswana tribes present, there were also many non-Tswana groups whose first language was not Setswana. This underlying heterogeneity has been

modulated both by the policies of the postindependence government and by the relatively inclusive institutions of the Tswana tribes in the same way as heterogeneity in Britain, for example, between the English and the Welsh, has been modulated by the British state. The Botswanan state did the same. Since independence, the census in Botswana has never asked about ethnic heterogeneity, because in Botswana everyone is Tswana.

Botswana achieved remarkable growth rates after independence because Seretse Khama, Quett Masire, and the Botswana Democratic Party led Botswana onto a path of inclusive economic and political institutions. When the diamonds came on stream in the 1970s, they did not lead to civil war, but provided a strong fiscal base for the government, which would use the revenues to invest in public services. There was much less incentive to challenge or overthrow the government and control the state. Inclusive political institutions bred political stability and supported inclusive economic institutions. In a pattern familiar from the virtuous circle described in chapter 11, inclusive economic institutions increased the viability and durability of inclusive political institutions.

Botswana broke the mold because it was able to seize a critical juncture, postcolonial independence, and set up inclusive institutions. The Botswana Democratic Party and the traditional elites, including Khama himself, did not try to form a dictatorial regime or set up extractive institutions that might have enriched them at the expense of society. This was once again an outcome of the interplay between a critical juncture and existing institutions. As we have seen, differently from almost anywhere else in sub-Saharan Africa, Botswana already had tribal institutions that had achieved some amount of centralized authority and contained important pluralistic features. Moreover, the country had economic elites who themselves had much to gain from secure property rights.

No less important, the contingent path of history worked in Botswana's favor. It was particularly lucky because Seretse Khama and Quett Masire were not Siaka Stevens and Robert Mugabe. The former worked hard and honestly to build inclusive institutions on the foundations of the Tswanas' tribal institutions. All this made it more likely

that Botswana would succeed in taking a path toward inclusive institutions, whereas much of the rest of sub-Saharan Africa did not even try, or failed outright.

THE END OF THE SOUTHERN EXTRACTION

It was December 1, 1955. The city of Montgomery, Alabama, arrest warrant lists the time that the offense occurred as 6:06 p.m. James Blake, a bus driver, was having trouble, he called the police, and Officers Day and Mixon arrived on the scene. They noted in their report:

> We received a call upon arrival the bus operator said he had a colored female sitting in the white section of the bus, and would not move back. We . . . also saw her. The bus operator signed a warrant for her. Rosa Parks (cf) was charged with chapter 6 section 11 of the Montgomery City Code.

Rosa Parks's offense was to sit in a section of the Cleveland Avenue bus reserved for whites, a crime under Alabama's Jim Crow laws. Parks was fined ten dollars in addition to court fees of four dollars. Rosa Parks wasn't just anybody. She was already the secretary of the Montgomery chapter of the National Association for the Advancement of Colored People, the NAACP, which had long been struggling to change the institutions of the U.S. South. Her arrest triggered a mass movement, the Montgomery Bus Boycott, masterminded by Martin Luther King, Jr. By December 3, King and other black leaders had organized a coordinated bus boycott, convincing all black people that they should not ride on any bus in Montgomery. The boycott was successful and it lasted until December 20, 1956. It set in motion a process that culminated in the U.S. Supreme Court ruling that the laws that segregated buses in Alabama and Montgomery were unconstitutional.

The Montgomery Bus Boycott was a key moment in the civil rights movement in the U.S. South. This movement was part of a series of events and changes that finally broke the mold in the South and led to

a fundamental change of institutions. As we saw in chapter 12, after the Civil War, southern landowning elites had managed to re-create the extractive economic and political institutions that had dominated the South before the Civil War. Though the details of these institutions changed—for example, slavery was no longer possible—the negative impact on economic incentives and prosperity in the South was the same. The South was notably poorer than the rest of the United States.

Starting in the 1950s, southern institutions would begin to move the region onto a much faster growth trajectory. The type of extractive institutions ultimately eliminated in the U.S. South were different from the colonial institutions of pre-independence Botswana. The type of critical juncture that started the process of their downfall was also different but shared several commonalities. Starting in the 1940s, those who bore the brunt of the discrimination and the extractive institutions in the South, people such as Rosa Parks, started to become much better organized in their fight against them. At the same time, the U.S. Supreme Court and the federal government finally began to intervene systematically to reform the extractive institutions in the South. Thus a main factor creating a critical juncture for change in the South was the empowerment of black Americans there and the end of the unchallenged domination of the southern elites.

The southern political institutions, both before the Civil War and after, had a clear economic logic, not too different from the South African Apartheid regime: to secure cheap labor for the plantations. But by the 1950s, this logic became less compelling. For one, significant mass outmigration of blacks from the South was already under way, a legacy of both the Great Depression and the Second World War. In the 1940s and '50s, this reached an average of a hundred thousand people per year. Meanwhile, technological innovation in agriculture, though adopted only slowly, was reducing the dependence of the plantation owners on cheap labor. Most labor in the plantations was used for picking cotton. In 1950 almost all southern cotton was still picked by hand. But the mechanization of cotton picking was reducing the demand for this type of work. By 1960, in the key states of Alabama, Louisiana, and Mississippi, almost half of production had become mechanized. Just as blacks became harder to

trap in the South, they also became no longer indispensable for the plantation owners. There was thus less reason for elites to fight vigorously to maintain the old extractive economic institutions. This did not mean that they would accept the changes in institutions willingly, however. Instead, a protracted conflict ensued. An unusual coalition, between southern blacks and the inclusive federal institutions of the United States, created a powerful force away from southern extraction and toward equal political and civil rights for southern blacks, which would finally remove the significant barriers to economic growth in the U.S. South.

The most important impetus for change came from the civil rights movement. It was the empowerment of blacks in the South that led the way, as in Montgomery, by challenging extractive institutions around them, by demanding their rights, and by protesting and mobilizing in order to obtain them. But they weren't alone in this, because the U.S. South was not a separate country and the southern elites did not have free rein as did Guatemalan elites, for example. As part of the United States of America, the South was subject to the U.S. Constitution and federal legislation. The cause for fundamental reform in the South would finally receive support from the U.S. executive, legislature, and Supreme Court partly because the civil rights movement was able to have its voice heard outside the South, thereby mobilizing the federal government.

Federal intervention to change the institutions in the South started with the decision of the Supreme Court in 1944 that primary elections where only white people could stand were unconstitutional. As we have seen, blacks had been politically disenfranchised in the 1890s with the use of poll taxes and literacy tests (pages 351–357). These tests were routinely manipulated to discriminate against black people, while still allowing poor and illiterate whites to vote. In a famous example from the early 1960s, in Louisiana a white applicant was judged literate after giving the answer "FRDUM FOOF SPETGH" to a question about the state constitution. The Supreme Court decision in 1944 was the opening salvo in the longer battle to open up the political system to blacks, and the Court understood the importance of loosening white control of political parties.

That decision was followed by *Brown v. Board of Education* in 1954, in which the Supreme Court ruled that state-mandated segregation of schools and other public sites was unconstitutional. In 1962 the Court knocked away another pillar of the political dominance of white elites: legislative malapportionment. When a legislature is malapportioned—as were the "rotten boroughs" in England before the First Reform Act—some areas or regions receive much greater representation than they should based on their share of the relevant population. Malapportionment in the South meant that the rural areas, the heartland of the southern planter elite, were heavily overrepresented relative to urban areas. The Supreme Court put an end to this in 1962 with its decision in the *Baker v. Carr* case, which introduced the "one-person, one-vote" standard.

But all the rulings from the Supreme Court would have amounted to little if they hadn't been implemented. In the 1890s, in fact, federal legislation enfranchising southern blacks was not implemented, because local law enforcement was under the control of the southern elite and the Democratic Party, and the federal government was happy to go along with this state of affairs. But as blacks started rising up against the southern elite, this bastion of support for Jim Crow crumbled, and the Democratic Party, led by its non-southern elements, turned against racial segregation. The renegade southern Democrats regrouped under the banner of the States' Rights Democratic Party and competed in the 1948 presidential election. Their candidate, Strom Thurmond, carried four states and gained thirty-nine votes in the Electoral College. But this was a far cry from the power of the unified Democratic Party in national politics and the capture of that party by the southern elites. Strom Thurmond's campaign was centered on his challenge to the ability of the federal government to intervene in the institutions of the South. He stated his position forcefully: "I wanna tell you, ladies and gentlemen, that there's not enough troops in the army to force the Southern people to break down segregation and admit the nigra race into our theaters, into our swimming pools, into our homes, and into our churches."

He would be proved wrong. The rulings of the Supreme Court meant that southern educational facilities had to be desegregated,

including the University of Mississippi in Oxford. In 1962, after a long legal battle, federal courts ruled that James Meredith, a young black air force veteran, had to be admitted to "Ole Miss." Opposition to the implementation of this ruling was orchestrated by the so-called Citizens' Councils, the first of which had been formed in Indianola, Mississippi, in 1954 to fight desegregation of the South. State governor Ross Barnett publicly rejected the court-ordered desegregation on television on September 13, announcing that state universities would close before they agreed to be desegregated. Finally, after much negotiation between Barnett and President John Kennedy and Attorney General Robert Kennedy in Washington, the federal government intervened forcibly to implement this ruling. A day was set when U.S. marshals would bring Meredith to Oxford. In anticipation, white supremacists began to organize. On September 30, the day before Meredith was due to appear, U.S. marshals entered the university campus and surrounded the main administration building. A crowd of about 2,500 came to protest, and soon a riot broke out. The marshals used tear gas to disperse the rioters, but soon came under fire. By 10:00 p.m. that night, federal troops were moved into the city to restore order. Soon there were 20,000 troops and 11,000 National Guardsmen in Oxford. In total, 300 people would be arrested. Meredith decided to stay on campus, where, protected from death threats by U.S. marshals and 300 soldiers, he eventually graduated.

Federal legislation was pivotal in the process of institutional reform in the South. During the passage of the first Civil Rights Act in 1957, Strom Thurmond, then a senator, spoke nonstop for twenty-four hours and eighteen minutes to prevent, or at least delay, passage of the act. During his speech he read everything from the Declaration of Independence to various phone books. But to no avail. The 1957 act culminated in the Civil Rights Act of 1964 outlawing a whole gamut of segregationist state legislation and practices. The Voting Rights Act of 1965 declared the literacy tests, poll taxes, and other methods used for disenfranchising southern blacks to be illegal. It also extended a great deal of federal oversight into state elections.

The impact of all these events was a significant change in economic and legal institutions in the South. In Mississippi, for example,

only about 5 percent of eligible black people were voting in 1960. By 1970 this figure had increased to 50 percent. In Alabama and South Carolina, it went from around 10 percent in 1960 to 50 percent in 1970. These patterns changed the nature of elections, both for local and national offices. More important, the political support from the dominant Democratic Party for the extractive institutions discriminating against blacks eroded. The way was then open for a range of changes in economic institutions. Prior to the institutional reforms of the 1960s, blacks had been almost entirely excluded from jobs in textile mills. In 1960 only about 5 percent of employees in southern textile mills were black. Civil rights legislation stopped this discrimination. By 1970 this proportion had increased to 15 percent; by 1990 it was at 25 percent. Economic discrimination against blacks began to decline, the educational opportunities for blacks improved significantly, and the southern labor market became more competitive. Together with inclusive institutions came more rapid economic improvements in the South. In 1940 southern states had only about 50 percent of the level of per capita income of the United States. This started to change in the late 1940s and '50s. By 1990 the gap had basically vanished.

As in Botswana, the key in the U.S. South was the development of inclusive political and economic institutions. This came at the juxtaposition of the increasing discontent among blacks suffering under southern extractive institutions and the crumbling of the one-party rule of the Democratic Party in the South. Once again, existing institutions shaped the path of change. In this case, it was pivotal that southern institutions were situated within the inclusive federal institutions of the United States, and this allowed southern blacks finally to mobilize the federal government and institutions for their cause. The whole process was also facilitated by the fact that, with the massive outmigration of blacks from the South and the mechanization of cotton production, economic conditions had changed so that southern elites were less willing to put up more of a fight.

REBIRTH IN CHINA

The Communist Party under the leadership of Mao Zedong finally overthrew the Nationalists, led by Chiang Kai-shek, in 1949. The People's Republic of China was proclaimed on October 1. The political and economic institutions created after 1949 were highly extractive. Politically, they featured the dictatorship of the Chinese Communist Party. No other political organization has been allowed in China since then. Until his death in 1976, Mao entirely dominated the Communist Party and the government. Accompanying these authoritarian, extractive political institutions were highly extractive economic institutions. Mao immediately nationalized land and abolished all kinds of property rights in one fell swoop. He had landlords, as well as other segments he deemed to be against the regime, executed. The market economy was essentially abolished. People in rural areas were gradually organized onto communal farms. Money and wages were replaced by "work points," which could be traded for goods. Internal passports were introduced in 1956 forbidding travel without appropriate authorization, in order to increase political and economic control. All industry was similarly nationalized, and Mao launched an ambitious attempt to promote the rapid development of industry through the use of "five-year plans," modeled on those in the Soviet Union.

As with all extractive institutions, Mao's regime was attempting to extract resources from the vast country he was now controlling. As in the case of the government of Sierra Leone with its marketing board, the Chinese Communist Party had a monopoly over the sale of produce, such as rice and grain, which was used to heavily tax farmers. The attempts at industrialization turned into the infamous Great Leap Forward after 1958 with the roll-out of the second five-year plan. Mao announced that steel output would double in a year based on small-scale "backyard" blast furnaces. He claimed that in fifteen years, China would catch up with British steel production. The only problem was that there was no feasible way of meeting these targets. To meet the plan's goals, scrap metal had to be found, and people would have to melt down their pots and pans and even their agricultural implements

such as hoes and plows. Workers who ought to have been tending the fields were making steel by destroying their plows, and thus their future ability to feed themselves and the country. The result was a calamitous famine in the Chinese countryside. Though scholars debate the role of Mao's policy compared with the impact of droughts at the same time, nobody doubts the central role of the Great Leap Forward in contributing to the death of between twenty and forty million people. We don't know precisely how many, because China under Mao did not collect the numbers that would have documented the atrocities. Per capita income fell by around one-quarter.

One consequence of the Great Leap Forward was that a senior member of the Communist Party, Deng Xiaoping, a very successful general during the revolution, who led an "anti-rightist" campaign resulting in the execution of many "enemies of the revolution," had a change of heart. At a conference in Guangzhou in the south of China in 1961, Deng argued, "No matter whether the cat is black or white, if it catches mice, it's a good cat." It did not matter whether policies appeared communist or not; China needed policies that would encourage production so that it could feed its people.

Yet Deng was soon to suffer for his newfound practicality. On May 16, 1966, Mao announced that the revolution was under threat from "bourgeois" interests that were undermining China's communist society and wishing to re-create capitalism. In response, he announced the Great Proletarian Cultural Revolution, usually referred to as the Cultural Revolution. The Cultural Revolution was based on sixteen points. The first started:

> Although the bourgeoisie has been overthrown, it is still trying to use the old ideas, culture, and customs, and habits of the exploiting classes to corrupt the masses, capture their minds, and endeavor to stage a comeback. The proletariat must do just the opposite: it must meet head-on every challenge of the bourgeoisie in the ideological field and use the new ideas, culture, customs, and habits of the proletariat to change the mental outlook of the whole of society. At present our

> objective is to struggle against and crush those persons in authority who are taking the capitalist road, to criticize and repudiate the reactionary bourgeois academic authorities and the ideology of the bourgeoisie and all other exploiting classes and transform education, literature, and art and all other parts of the superstructure that do not correspond to the socialist economic base, so as to facilitate the consolidation and development of the socialist system.

Soon the Cultural Revolution, just like the Great Leap Forward, would start wrecking both the economy and many human lives. Units of Red Guards were formed across the country: young, enthusiastic members of the Communist Party who were used to purge opponents of the regime. Many people were killed, arrested, or sent into internal exile. Mao himself retorted to concerns about the extent of the violence, stating, "This man Hitler was even more ferocious. The more ferocious, the better, don't you think? The more people you kill, the more revolutionary you are."

Deng found himself labeled number-two capitalist roader, was jailed in 1967, and then was exiled to Jiangxi province in 1969, to work in a rural tractor factory. He was rehabilitated in 1974, and Mao was persuaded by Premier Zhou Enlai to make Deng first vice-premier. Already in 1975, Deng supervised the composition of three party documents that would have charted a new direction had they been adopted. They called for a revitalization of higher education, a return to material incentives in industry and agriculture, and the removal of "leftists" from the party. At the time, Mao's health was deteriorating and power was increasingly concentrated in the hands of the very leftists whom Deng Xiaoping wanted to remove from power. Mao's wife, Jiang Qing, and three of her close associates, collectively known as the Gang of Four, had been great supporters of the Cultural Revolution and the resulting repression. They intended to continue using this blueprint to run the country under the dictatorship of the Communist Party. On April 5, a spontaneous celebration of the life of Zhou Enlai in Tiananmen Square turned into a protest against the

government. The Gang of Four blamed Deng for the demonstrations, and he was once more stripped of all his positions and dismissed. Instead of achieving the removal of the leftists, Deng found that the leftists had removed him. After the death of Zhou Enlai, Mao had appointed Hua Guofeng as the acting premier instead of Deng. In the relative power vacuum of 1976, Hua was able to accumulate a great deal of personal power.

In September there was a critical juncture: Mao died. The Chinese Communist Party had been under Mao's domination, and the Great Leap Forward and the Cultural Revolution had been largely his initiatives. With Mao gone, there was a true power vacuum, which resulted in a struggle between those with different visions and different beliefs about the consequences of change. The Gang of Four intended to continue with the policies of the Cultural Revolution as the only way of consolidating theirs and the Communist Party's power. Hua Guofeng wanted to abandon the Cultural Revolution, but he could not distance himself too much from it, because he owed his own rise in the party to its effects. Instead, he advocated a return to a more balanced version of Mao's vision, which he encapsulated in the "Two Whatevers," as the *People's Daily,* the newspaper of the Chinese Communist Party, put it in 1977. Hua argued, "We will resolutely uphold whatever policy decisions Chairman Mao made, and unswervingly follow whatever instructions Chairman Mao gave."

Deng Xiaoping did not wish to abolish the communist regime and replace it with inclusive markets any more than Hua did. He, too, was part of the same group of people brought to power by the communist revolution. But he and his supporters thought that significant economic growth could be achieved without endangering their political control: they had a model of growth under extractive political institutions that would not threaten their power, because the Chinese people were in dire need of improved living standards and because all meaningful opposition to the Communist Party had been obliterated during Mao's reign and the Cultural Revolution. To achieve this, they wished to repudiate not just the Cultural Revolution but also much of the Maoist institutional legacy. They realized that economic growth would be possible only with significant moves toward inclusive

economic institutions. They thus wished to reform the economy and bolster the role of market forces and incentives. They also wanted to expand the scope for private ownership and reduce the role of the Communist Party in society and the administration, getting rid of such concepts as class struggle. Deng's group was also open to foreign investment and international trade, and wished to pursue a much more aggressive policy of integrating with the international economy. Still, there were limits, and building truly inclusive economic institutions and significantly lessening the grip the Communist Party had on the economy weren't even options.

The turning point for China was Hua Guofeng's power and his willingness to use it against the Gang of Four. Within a month of Mao's death, Hua mounted a coup against the Gang of Four, having them all arrested. He then reinstated Deng in March 1977. There was nothing inevitable either about this course of events or about the next significant steps, which resulted from Hua himself being politically outmaneuvered by Deng Xiaoping. Deng encouraged public criticism of the Cultural Revolution and began to fill key positions in the Communist Party at all levels with people who, like him, had suffered during this period. Hua could not repudiate the Cultural Revolution, and this weakened him. He was also a comparative newcomer to the centers of power, and he lacked the web of connections and informal relations that Deng had built up over many years. In a series of speeches, Deng began to criticize Hua's policies. In September 1978, he explicitly attacked the Two Whatevers, noting that rather than let whatever Mao had said determine policy, the correct approach was to "seek truth from facts."

Deng also brilliantly began to bring public pressure to bear on Hua, which was reflected most powerfully in the Democracy Wall movement in 1978, in which people posted complaints about the country on a wall in Beijing. In July of 1978, one of Deng's supporters, Hu Qiaomu, presented some basic principles of economic reform. These included the notions that firms should be given greater initiative and authority to make their own production decisions. Prices should be allowed to bring supply and demand together, rather than just being set by the government, and the state regulation of the economy more generally ought to be reduced. These were radical suggestions, but Deng was gaining influence. In November and December 1978, the Third Plenum of the Eleventh Central Party Committee produced a breakthrough. Over Hua's objections, it was decided that, from then on, the focus of the party would be not class struggle but economic modernization. The plenum announced some tentative experiments with a "household responsibility system" in some provinces, which was an attempt to roll back collective agriculture and introduce economic incentives into farming. By the next year, the Central Committee was acknowledging the centrality of the notion of "truth from facts" and declaring the Cultural Revolution to have been a great calamity for the Chinese people. Throughout this period, Deng was securing the appointment of his own supporters to important positions in the party, army, and government. Though he had to move slowly against Hua's supporters in the Central Committee, he created parallel bases of power. By 1980 Hua was forced to step down from the premiership, to be replaced by Zhao Ziyang. By 1982 Hua had been removed from the Central Committee. But Deng did not stop there. At the Twelfth Party Congress in 1982, and then in the National Party Conference in September 1985, he achieved an almost complete reshuffling of the party leadership and senior cadres. In came much younger, reform-minded people. If one compares 1980 to 1985, then by the latter date, twenty-one of the twenty-six members of the Politburo, eight of the eleven members of the Communist Party secretariat, and ten of the eighteen vice-premiers had been changed.

Now that Deng and the reformers had consummated their political revolution and were in control of the state, they launched a series of further changes in economic institutions. They began in agriculture. By 1983, following the ideas of Hu Qiaomu, the household responsibility system, which would provide economic incentives to farmers, was universally adopted. In 1985 the mandatory state purchasing of grain was abandoned and replaced by a system of more voluntary contracts. Administrative control of agricultural prices was greatly relaxed in 1985. In the urban economy, state enterprises were given more autonomy, and fourteen "open cities" were identified and given the ability to attract foreign investment.

It was the rural economy that took off first. The introduction of incentives led to a dramatic increase in agricultural productivity. By 1984 grain output was one-third higher than in 1978, though fewer people were involved in agriculture. Many had moved into employment in new rural industries, the so-called Township Village Enterprises. These had been allowed to grow outside the system of state industrial planning after 1979, when it was accepted that new firms could enter and compete with state-owned firms. Gradually economic incentives were also introduced into the industrial sector, in particular into the operation of state-run enterprises, though at this stage there was no hint at privatization, which had to wait until the mid-1990s.

The rebirth of China came with a significant move away from one of the most extractive set of economic institutions and toward more inclusive ones. Market incentives in agriculture and industry, then followed by foreign investment and technology, would set China on a path to rapid economic growth. As we will discuss further in the next chapter, this was growth under extractive political institutions, even if they were not as repressive as they had been under the Cultural Revolution and even if economic institutions were becoming partially inclusive. All of this should not understate the degree to which the changes in economic institutions in China were radical. China broke the mold, even if it did not transform its political institutions. As in Botswana and the U.S. South, the crucial changes came during a critical juncture—in the case of China, following Mao's death. They were also contingent, in fact highly contingent, as there was nothing inevitable about the Gang of Four losing the power struggle; and if they had not, China would not have experienced the sustained economic growth it has seen in the last thirty years. But the devastation and human suffering that the Great Leap Forward and the Cultural Revolution caused generated sufficient demand for change that Deng Xiaoping and his allies were able to win the political fight.

BOTSWANA, CHINA, and the U.S. South, just like the Glorious Revolution in England, the French Revolution, and the Meiji Restoration in Japan, are vivid illustrations that history is not destiny. Despite

the vicious circle, extractive institutions can be replaced by inclusive ones. But it is neither automatic nor easy. A confluence of factors, in particular a critical juncture coupled with a broad coalition of those pushing for reform or other propitious existing institutions, is often necessary for a nation to make strides toward more inclusive institutions. In addition some luck is key, because history always unfolds in a contingent way.