

The African revolution: urban commerce and the informal economy*

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One day in 1993, when I was Director of Cambridge University's African Studies Centre, an Italian engineer came into my office and said: «They are killing my friends in Angola. What are you going to do about it?». I was taken aback. Usually people asked me at most to sign a form for a university library ticket. This was a time when the war in Angola had been revived and appeared to be escalating. My response was to organize a petition by over 100 leading Africanists which was published in *The Independent*. But it didn't stop there and I found myself, in 1994, convening a conference on Angola in Cambridge which brought together the MPLA and Unita for the first time in public since the renewal of hostilities. The atmosphere at the conference was electric and I co-edited the publication that came out of it (**Why Angola Matters**, Hart and Lewis eds.,

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James Currey, London, 1995). I was very moved by this unplanned exposure to Angola's contemporary history; and I wrote about the difficulty of getting its troubles across effectively in the western media. I never got to the country myself; but one reason for accepting Marzia's kind invitation to speak today is that it allows me at least to renew contact with those who are directly engaged in Angola's future.

I have, as is well-known, a long association with the concept of the informal economy. There is no doubt that its use has made more visible a wide range of economic practices that were once not considered to be part of the development process. But, at this time, I am writing a book, **The African Revolution**, about Africa's development prospects in the coming half-century, seen in the light of the century that has just past. Its main thesis is that Africa has seen extraordinary urban growth in the 20th century and this, rather than the conventional view of the continent as a rural exporter of raw materials, should form the basis for thinking about development in future. This means exploring ways of linking present forms of urban commerce to the world economy, as well as to national and regional markets. Hitherto that commerce has mainly been approached in terms of the «informal economy». The concept tells us what these activities are not - not regulated by law and public bureaucracy - but little about what they positively are. This has led me to ask what social forms organize the informal economy and mobilize its resources, since they must surely play a significant part in whatever happens next.

So I must apologize for being less concerned today with examining the history of the informal economy since it emerged in the early 1970s as a key term of development discourse. I have several summary articles on this subject available on my website: www.thememorybank.co.uk. Rather I want to explore with you a vision of another path, one that is grounded in existing experience of the informal economy, for sure, but that also points to a more hopeful future. What prospects does neo-liberal market expansion hold for Angola and for the African continent as a whole? Is it possible that Africa could sustain a liberal revolution of its own - soon rather than later? What might be the social and cultural conditions for such a development? Africa's experience in the 20th century is often represented as a failure to 'develop'. This perception obscures what actually happened, a development of extraordinary scale and speed that I call Africa's «urban revolution». If there is to be an African liberal revolution in the next half-century, it will be fed by social forces that have already taken root in the century that has just passed.

FROM PAN-AFRICANISM TO NATIONAL CAPITALISM

It is worth recalling that Africa suffered wholesale invasion by colonial empire only from the 1880s onwards. The first half of the 20th century gave rise to

empire's antithesis, «Pan-Africanism», probably the most inclusive political movement of its time. It was a species of nationalism uniting all those who thought that Africans should recover control of their own land in alliance with the New World descendants of African slaves who were still subjected to racial exclusion there. Getting the British, French, Belgians and Portuguese out of Africa seemed to be of one piece with the systematic racial discrimination on which Atlantic and world society were founded. The anti-colonial revolution, beginning in Asia after the war and continuing in Africa, unleashed extravagant hopes for the transformation of an unequal world. These hopes have not yet been realized for most Africans who are still waiting for political forms that will guarantee their full participation as equals in world society. The relative success of Asians in translating their political independence into effective economic competition with the West has significant consequences for Africa's prospects now. The collapse of European empires led to relations between rich and poor countries being structured by a new paradigm, 'development'. By these standards, most African countries have not fared well since. But what was the model of development they were expected to adopt? I call it «national capitalism», the attempt to manage markets and money through central bureaucracies organized by the nation-state.

Frantz Fanon wrote prophetically at the time, in *Les Damnés de la Terre* (1959), of the weakness of the national bourgeoisie and the «pitfalls of national consciousness», arguing that Africans should not allow the unity they had forged in resisting colonial empire to be divided by national interests after they had won. In truth only one African state has launched national capitalism effectively and that is South Africa, after the Afrikaners declared their own independence in 1948. The rest had to cope with the denial of their nationhood during colonial rule and with a world economy dominated by much stronger nations after they joined the international club. They also suffered from being a hot battleground for the Cold War. It is not surprising that Pan-Africanism died as an active political principle soon after independence.

The last half-century saw two contrasting phases separated by the watershed of the 1970s. In the first, commitment to expansion of public services by the leading industrial states fuelled an economic boom lasting two decades. This period of «social democracy» had its counterpart in Africa after independence, where states engineered expansion of public services on a scale never attempted by colonial regimes. It was followed by what we now think of as «neo-liberalism», inaugurated by Thatcher and Reagan, as a result of which Africans have been subjected to a violent switch in emphasis from the state to the market as engine of development. The world econo-

my has lost its post-war buoyancy and most African economies have actually deteriorated in this time.

AFRICA'S URBAN REVOLUTION AND THE INFORMAL ECONOMY

If Africa is normally judged these days in terms of what *did not* happen ('development'), what actually *did* happen in the 20th century? In 1900, Africa was the least densely populated region in the world with the smallest proportion of its inhabitants living in cities (probably around 1 in 100). By 2000, a population explosion meant that the continent now has a share of world population equal to its share of land area (a seventh) and up to a half of its inhabitants live in cities (also near the world average). Since Africa's population (currently a bit less than either India's or China's) is still growing much faster than other regions, so too is its relative size in the world, if not yet its purchasing power in the world economy (which is around 2%). A simple Keynesian logic would suggest that, if Africans became more prosperous, everyone else would benefit from the increased demand. Certainly the Asian exporters of manufactures are keenly aware of the potential of Africans' market share. But the Americans and the Europeans who between them control global economic institutions have not yet demonstrated any awareness of this possibility.

My teacher, Jack Goody has written a series of books seeking to explain how and why African societies diverged before the modern period from their counterparts in Europe and Asia (Eurasia). He concluded that all the agrarian civilizations of Eurasia shared a common origin in the «urban revolution» of Mesopotamia 5000 years ago. The rise of cities was accompanied by the origin of the state whose function was to supervise a new kind of class society, where a narrowly-based urban elite extracted agricultural surpluses from an increasingly servile rural labour force. Goody showed how forms of kinship and marriage reflected property relations that were themselves made possible by more intensive technologies, such as the plough and irrigation. Africa South of the Sahara, he held, had largely missed out on this urban revolution along with its agricultural technology, higher population density and unequal property relations. This accounts for why traditional African forms of kinship and marriage are so different and their societies are, relatively speaking, classless.

In the light of Goody's comparative analysis, which strictly applies only to the two regions before the modern period, Africa's experience in the 20th century can be seen as its own version of the urban revolution that it largely avoided before. This means not just that cities proliferated on an unprecedented scale, but that the whole package of pre-industrial class society was installed for the first time: states, new urban

elites, intensification of agriculture and a political economy based on the extraction of rural surpluses. Of course, during the 19th century, Europe and America moved to industrial capitalism and the Asians followed suit in the next, while Africans made the transition to an agrarian civilization the others were leaving behind. If economic development were a unilinear process, this would be bad news for Africa. But fortunately it is not; and its urban revolution in the 20th century has generated conditions that, with some imagination, could lead to a liberal or capitalist revolution in the 21st.

Before exploring that possibility, I should place the informal economy concept within this historical framework. The idea arose in the early 70s to describe and explain the structural imbalances of urbanization in Africa's transition from social democracy to neo-liberalism. The failure of the post-colonial development model was already becoming evident by then and economists expressed concern about what they called «urban unemployment». Migrants were flocking into African cities, as elsewhere, but the number of jobs created for them by the government and capitalist firms was relatively small. This constituted a crisis for prevailing theories of economic management: how could the state generate the jobs needed to employ all these people? I argued, on the basis of my ethnographic research in Accra, that the urban poor were employed, often for erratic and low returns, but they were not 'unemployed' in the stereotypical sense of the Great Depression, with former factory workers huddling on street corners. Rather, they generated 'informal' income opportunities, even when they also had 'formal' wage employment. In other words, what became known as the «informal sector or economy» was what people really do for themselves beyond the reach of state regulation; and as such it constituted the negation of the central bureaucracy erected to manage national capitalism. This sphere of economic activities has expanded with the reduction of the state's economic pretensions under the regime of neo-liberal markets, both in countries like Ghana and globally, to the point where its scope is now so wide that the usefulness of the concept is questionable.

While the informal economy has drawn substantial research and policy attention to activities that were previously invisible to the bureaucratic gaze, it says nothing about the positive dynamics of these activities or about the social forms that organize them, lumping together street hawkers and criminal gangs, construction workers and tax evasion, as well as a grey zone where emergent urban commerce engages with the forces of the world economy. I now think of the informal economy as *the rise of the market* in the new African cities. This shifts the burden to analyzing what might be meant by a 'market' of course and in particular to the possibilities for non-capitalist markets. While the informal economy points to the ambiguous relationship of this

commerce to state regulation, it does not help us to understand how the activities it groups together might constitute a platform for more sustained economic growth in future.

THE AFRICAN REVOLUTION

Africa has undergone several revolutions in modern history, including the abolition of the slave trade, colonial conquest, the false dawn of independence and the explosion of cities in the post-colonial era. The idea of an impending liberal revolution and rapid economic improvement seems counter-intuitive at this time, especially given Africa's symbolic role as the negation of western superiority. Black people have played this role for centuries as the stigmatized underclass of an unequal world society organized along racial lines. But this is particularly true of the present, when American and European dominance is being undermined by a shift in production and the balance of economic power to countries like China, India, Brazil and Russia. Rather than face up to a decline in their economic fortunes, the 'whites' prefer to dwell on the misfortunes of black people and on Africa's apparently terminal exclusion from modern prosperity. Failed politicians and aging rock stars announce their mission to 'save' Africa from its presumed ills. The western media represent Africa exclusively as the playground of the four horsemen of the apocalypse: famine, war, plague and death. It all goes to reassure a decadent West that at least some people are a lot worse off. I was once explaining my book to a French woman and noticed her face hardening when I spoke of hopeful developments in Africa. So I added: «Of course Africa's a mess in many ways...» and she said «Yes! It's a mess». She had never been there, but it was important for her to know that Africa was backward.

It is a curious fact that China occupied this slot in the western consciousness not long ago. In the 1920s and 30s, Americans and Europeans often spoke of the Chinese the way they do of Africa today. China was then crippled by the violence of warlords, its peasants mired in the worst poverty imaginable. Today the country is spoken of as the only one that could possibly stand up to the United States, while its manufactures make inroads into western dominance on a scale far greater than Japan's ever did. This profound shift in economic power from West to East does not guarantee Africa's escape from the shackles of inequality, but it does mean that the structures of Atlantic dominance that once seemed inevitable are perceptibly on the move; and that should make it easier to envisage change. We are entering a new phase of economic possibility, as well as altered patterns of constraint in world society.

Africa's advantage in the upheavals set in train by recent economic and military developments is its weak attachment to the status quo. It is not unthinkable that the

world economy could regress to a condition like that of the 1930s, as America and to a lesser extent Europe struggle to maintain their grip on global power. In this case, Africans have less to lose; and the old Stalinist «law of unequal development» reminds us that, under such circumstances, winners and losers can easily change places. I like to tell my European friends who express concern about African poverty: «Don't worry about them – they have only one way to go, which is up. You should be worried about your own decline». It applies particularly to my own country, Britain.

This begs the question of what Africa's new urban populations could produce as a means of bringing about their own economic development. So far, African countries have relied on exporting raw materials, when they could. Minerals clearly have a promising future owing to scarce supplies and escalating demand; but the world market for food and other agricultural products is skewed by western farm subsidies and prices are depressed by the large number of poor farmers seeking to supply them. Conventionally, African governments have aspired to manufacturing exports as an alternative, but here they face intense competition from Asia. Making things for sale has its limitations. It would be more fruitful for African countries to argue collectively in the councils of world trade for some protection from international dumping, so that their farmers and infant industries might at least get a chance to supply their own populations first. But the world market for services is booming and perhaps greater opportunities for supplying national, regional and global markets exist there.

There was a time when most services were performed personally on the spot; but today, as a result of the digital revolution in communications, they increasingly link producers and consumers at distance. The fastest-growing sector of world trade is the production of culture: entertainment, education, media and a wide range of information services. The future of the human economy, once certain material requirements are satisfied, lies in the infinite scope for us to do things for each other – like singing a song or telling a story – that need not take a tangible form. The largest global television audiences are for sporting events like the World Cup or the Olympic Games. The United States' three leading exports are now movies, music and software; and this is why they have sponsored an intellectual property treaty (TRIPs) that seeks to shore up the profits of corporations whose products can be reproduced digitally at almost no cost (Hart, 2005). The central conflict in contemporary capitalism is between this attempt to secure monopoly profits in cultural products and widespread popular resistance to it. Any move to enter this market will meet with the expertise and force of transnational corporations and the governments who support them. Nevertheless, there is a lot more to play for here and the terrain is not as rigidly mapped out as in agriculture and manufactures. It is also one where Africans are

exceptionally well-placed to compete because of the proven preference of global audiences for their distinctive music and plastic arts.

Why do you think Hollywood is where it is? A century ago, film-makers on the East Coast struggled under Thomas Edison's monopolies of electrical products; so some of them escaped to the Far West and kicked off the movie industry there under conditions of anything goes. For his first Mickey Mouse cartoon, Walt Disney ripped off a Buster Keaton movie, «Steamboat Willie». Now the Disney Corporation sues Chinese cartoonists for illegal appropriation of the Mickey Mouse logo. Did you know that the world's third largest producer of movies, after Hollywood and Bollywood, is Nigeria («Nollywood»)? Most of their movies cost no more than \$5,000, a pattern reminiscent of Hollywood when W. G. Griffith was king. American popular culture is still that country's most successful export. There is no reason why it couldn't be for Africans too.

The cultural sources for a liberal revolution

It has long been acknowledged that the rise of capitalism in Europe drew heavily on religion as one of its motors. Max Weber insisted that an economic revolution of this scope could only take root on the back of a much broader cultural revolution. If Africa's informal economy has the potential to evolve into more dynamic expansion of urban commerce, what might be the cultural grounds for such a development? As I said, whatever happens next must build on what has already been put in place by developments in the last half-century or more. The basis for Africa's future economic growth must be the cultural production of its cities and not rural extraction or the reactionary hope of reproducing capitalism's industrial phase. This in turn rests on:

- the energy of youth;
- the explosion of the modern arts;
- the religious revival;
- the internet;
- the new African diaspora.

The social reality of Africa's cities is a predominantly young population without enough to do. The energies of youth must be harnessed more effectively and the chances of doing so are greater if the focus of economic activity is on something that interests them, like popular culture. In all the talk of poverty and war and AIDS, the western media rarely report the extraordinary vitality of the modern arts in post-colonial Africa: novels; films; music; theatre; painting; sculpture; dance. There has been an artistic explosion in the last half-century, drawing on traditional sources, but also responding to the complexity of the contemporary world. I have already referred to

the Nollywood phenomenon. A matter of immense significance is the religious revival in Africa, both Christian and Muslim. This is in many cases founded on young people's rejection of the social models and political options offered by their parents' generation. Fundamentalist and less extreme varieties of religion make a different kind of connection to world society than that offered by the nation-state. They help to fill the moral void of contemporary politics and often offer well-tried recipes for creative economic organization (e.g.: the Mourides of Senegal).

Africa largely missed the first two phases of the machine revolution, based on the steam engine and electricity; but the third phase, the digital revolution in communications whose most tangible product is the internet, the network of networks, is one that offers Africans very different conditions of participation that they already show signs of taking up avidly. In origin a means of communication for scientists and the military, the internet is now primarily a global marketplace with very unusual characteristics. Like the informal economy, it goes largely unregulated; but this market freedom is harnessed to the most advanced technologies of our era. The internet has also generated new conditions for managing networks spanning home and abroad by radically shortening the time and space dimensions of communication and exchange at distance. In the last half-century a new African diaspora has emerged, based unlike that formed by Atlantic slavery on economic migration to America, Europe and increasingly Asia. These migrants are usually known away from home by their national identity, but many of them maintain close relationships with their specific region of origin. They are often highly educated, with experience of the corporate business world, while retaining links to relatives living and working in the informal economy at home. One consequence of neo-liberal reforms has been that it is now much easier for active exchange to develop, drawing at once on indigenous knowledge of local conditions and the expertise acquired by migrants and their families in the West. There is all to play for here too.

When I share elements of this vision of economic possibility for Africa with casual acquaintances, they often counter with the empirical observation that life is highly disorganized in African cities. My rejoinder to them is, during the 17th century, England went through a political, commercial, scientific and religious revolution. Thorstein Veblen once wrote that England was, in global terms at the time, «an isolation hospital for science, technology and human rights». This was when the foundations of its rise as an international economic power were being laid. Yet in London then, unwary pedestrians could be savaged to death by herds of wild pigs and the water was so dangerous that writers like Samuel Pepys started drinking at 10 am and were high most of the time. One of the impediments to creative thinking about Africa's future is that comparison is invariably made with the bureaucratized societies

of the West; and indeed the political and economic institutions originating from that milieu constitute an obstacle to development that the English, Dutch or early Americans never had to face.

AN ECONOMIC REVOLUTION FROM ABOVE AND BELOW?

The classical liberal revolutions were sustained by three ideas: that individual freedom and economic progress required expansion of the *market*; that the political framework most compatible with this was 'democracy', putting power in the hands of the people; and that social progress depended on 'science', the drive to know objectively how things work. Much of what I have just touched on implies the possibility of an economic movement from below reinforced by cultural developments in religion, the arts and technology. Such a movement from below would feed on the conditions and energies generated by the urban revolution of the 20th century. But of course we all know that power is distributed very unequally in our world and any new liberal movement would soon run up against entrenched privilege. In fact, world society today resembles quite closely the Old Regime of agrarian civilization, such as 18th century France, with its elites enjoying a lifestyle wildly beyond the reach of masses who have almost nothing. So the other main possibility as an engine of economic change would be a revolution from above imposed by a new imperialism.

The one African country to make a go of nationalism capitalism, South Africa, is very well-placed to lead the next stage of capitalist development in Africa as a whole. This is already happening, with a new national bourgeoisie consisting of old white capital, Indian businessmen and African politicians making alliances with Asian and Western capital to expand rapidly into their continental backyard. Capitalist development along these lines cannot remain for long satisfied with a political regime granting ultimate power to national sovereignty. And indeed the two most significant continental institutions, the AU in Addis Ababa and NEPAD (the UN funding body) in Johannesburg are beginning to talk about co-ordinating their functions. The leading players in Africa today are the USA, France, Britain, China, South Africa, Nigeria and a handful of global corporations. If Africans wish to have a say in what happens next, they will have to tap old and new social forces capable of giving vent to their interests, in the face of the huge coalitions of corporate power mobilizing at this time to deny them that opportunity for self-expression.

Pan-Africanism gave way to national capitalism because world society at the time was organized that way. When the anti-apartheid movement led to African independence in South Africa, a similar shift from global to national thinking took

place. But, as a result of neo-liberal globalization, one of the strongest political movements today is the formation of large regional trading blocs: the EU, NAFTA, ASEAN, Mercosul, ECOWAS. This is a good time for Africans to renew the movement towards greater continental unity, at first in economic affairs and as a complement to, not replacement for national government, since the rest of the world is doing the same thing and they would inevitably lose out again if they fail to do so. The tie I am wearing (black with golden mini-Africas lit by sun-rays coming out of Ghana) is a symbol of the kind of political traditions that could be so easily renewed at this time with a fresh vision. It was given by the London representative of South Africa's Pan-African Congress to the great Caribbean writer and revolutionary, C.L.R. James, who gave it to me. In the 1930s, James founded with George Padmore an anti-colonial pressure group in London called the International Africa Service Bureau, one of whose principals was Jomo Kenyatta and soon after one Francis Nkrumah. If we needed any reminder of the contemporary salience of that old Pan-Africanism, we have only to note Ethiopia's invasion of Somaliland this week in the service of George Bush's crusade against Islamic 'terrorism'.

I have outlined the possibilities for dramatic developments in Africa over the coming half-century since, it seems to me, so much thinking about the future here is timid, being limited to ambitions for reprising some earlier phase of the West's economic history at a time when the door is effectively closed to newcomers. Ideally such developments would be an expression of Africans' drive from below for democracy and economic freedom; but it is unlikely to take place except within a framework of renewed imperialism, a revolution from above drawing on forces external and internal to the continent. My aim here has not been to make prophecies about likely outcomes, but to draw attention to scenarios that go beyond the limits of conventional thinking at this time. The probability is that Africa will make rapid economic advances in the coming decades through a mixture of top down and bottom up forces. I know whose side I am on and I hope you do too. It is vital for Africans to gain historical awareness of the global context for whatever they attempt locally and regionally.

CONCLUSIONS

In its time, the idea of an informal economy drew attention to what the inhabitants of Accra were really doing in their economic lives when the state-made economy was rapidly heading for the abyss. We still need to know a lot more about the activities that are concealed under its rubric; and this seminar series will go a long way towards bringing us up-to-date on them. But real economic progress requires us

to go beyond merely documenting the scope of informal economic activities. We need to discover the social and cultural dynamism that underpins its most progressive clusters. What are the social forms that already organize the informal economy and how could their prospects for engaging fruitfully with the national, regional and global economy be enhanced in partnership with the regulatory agencies? The presentations I have heard today on «Angola in Movement» point in suggestive ways to how ongoing research into what we may call «the human economy» or «economics with people in» is indispensable to such a programme of development.

It was never the case that a national framework for development made sense in Africa and it makes even less sense today. The coming African revolution could leapfrog many of the obstacles in its path, but it will not do so by remaining tied to the national straitjacket worn by African societies since they won independence from colonial rule.