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Self-enforcing arrangements in African political economy

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Abstract

Self-enforcing arrangements are crucial to the study of African political economy. The weakness of formal governance in much of Africa makes understanding informal institutions of cooperation particularly important. I consider the application of self-enforcing arrangements, like those described by the Ostroms, to the problems of violence and social heterogeneity that plague Africa.
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1. What African analysts can learn from the Ostroms

Professor Sawyer's article points to the importance of the Ostroms' unique analytic framework for better understanding Africa's struggling political economy. In his application to Africa, Sawyer highlights the Ostroms' insight that solutions to problems of human conflict must be built around indigenous arrangements for dealing with such conflict. Furthermore, successful solutions are likely to be informal in many cases rather than formal, artificially constructed and imposed by the state. Building upon Sawyer's motivation and remarks, I hope to extend the lessons that the Ostroms' work has for students of African po-

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litical economy. To do this, I draw specifically on extensions of their theme of self-enforcing, indigenous institutions as applied to Africa.

2. The problem of violence

In developing countries such as those in Africa, the weakness or absence of state enforcement makes the operation of such self-enforcing institutional arrangements particularly important. These institutions rely upon informal mechanisms that modify the cost/benefit structure of alternative modes of conduct. Specifically they make it in the interest of agents to follow the strategy that results in the socially optimal outcome. Perhaps the classic application of this idea in the [Ostrom \(1990\)](#) Ostroms' (1990) work is to private informal governance arrangements between common-pool resource users.

Fruitful research utilizing the Ostroms' framework analyzes historical and contemporary episodes of significance (see for example, [Greif, 1989, 1993](#); [Ellickson, 1991](#); [Leeson, in press](#)). This work focuses exclusively on solutions to commitment problems that involve the potential for "peaceful" (i.e., non-violent) conflict (for instance, fraud, credit default, etc.). The Ostroms' insight, however, can also be extended to the problem of violent conflict. This extension is especially important in the case of Africa where, as Sawyer points out, violence is pervasive.

The illuminating work of [Bates et al. \(2002\)](#), which considers the political economy of violence, constitutes a step in this direction. Here, I would like to point to an important episode in Africa's history that illustrates agents' use of self-enforcing arrangements to overcome the threat of violent theft. This episode deals with the interactions of the inhabitants of West Central Africa in the late pre-colonial period (roughly 1850–1910). On one side of these interactions were travelling middlemen seeking goods to deliver to European exporters on the Angolan coast. On the other side were the producers of these goods located in the remote interior of Central Africa around the Upper Zambezi and Kasai.

Middlemen had two options for obtaining goods from producers that they desired: they could violently steal these goods, or they could trade for them. For various reasons, middlemen tended to be stronger than the producers they interacted with.¹ Their superior strength and the absence of formal policing in this period meant that middlemen generally found violence a cheaper way of obtaining what they wanted than trade.

Rather than letting this bring production and exchange activities to a halt, interior producers employed several informal mechanisms to make peaceful exchange relations with middlemen self-enforcing. Here, I address only one such mechanism: producers' use of credit. In an effort to reduce middlemen's benefit of plunder (and thus the likelihood of being plundered), producers kept very few thievable goods on hand. Middlemen who travelled considerable distances at considerable cost to pillage a commu-

¹ The two primary reasons for middlemen's strength superiority were their greater mobility, which enabled them to plunder and flee without fear of being tracked down and overtaken, and the fact that they controlled producers' access to guns.

nity of producers thus found themselves in a situation in which they could either go home empty-handed or engage in trade with producers. Because producers did not have means of payment on hand, however, they required that any exchanges be conducted on credit.

By indebting themselves to middlemen this way, producers created an incentive for middlemen to engage in repeated peaceful exchange. In order to receive an installment of repayment, middlemen had to return to the community of producers they lent to and found it in their interest to behave peaceably during these visits. The ability of indebted producers to repay loans, of course, required that they be alive and healthy enough to produce the goods for repayment. By using credit this way, producers transformed themselves from targets of middleman violence to productive middleman assets. The incentive of middlemen thus became to protect rather than attack weaker producers.

3. The problem of social heterogeneity

One objection commonly raised against the effectiveness of self-enforcing arrangements such as that mentioned above is the problem of social heterogeneity. In small homogenous settings, it is argued that such mechanisms function fine. When agents are numerous and socially disparate, on the other hand, it is believed that these arrangements break down (see for instance, Greif, 1993; Zerbe and Anderson, 2001). In light of Africa's significant ethno-linguistic fractionalization, the application of self-enforcing arrangements in this case appears especially dubious to some.

At first glance this objection seems to cut against the broad scale operation of Ostrom-style self-enforcing mechanisms. On the contrary, however, the Ostroms' emphasis on social capital as critical to the development of coping mechanisms where potential conflicts of interest emerge suggests a solution to this potential problem. While it is true that we are often more likely to trust those who are close and similar to us and thus to rely upon informal arrangements in our interactions with them, it is also true that we have as many similarities as we do differences with those who are not close to us (and on the surface, very dissimilar). For instance, while you and I may not share the same ethnicity or religion, we may share the same political beliefs, methods of styling contracts, or follow the same dispute procedures.

In other words, social homogeneity is multidimensional. This means that by adopting the practices, customs, or beliefs of outsiders, we are able to signal our credibility, which builds trust between otherwise heterogeneous individuals and enables interaction despite the absence of formal enforcement. This informal mechanism creates what Putnam and Feldstein (2003) call "bridging social capital" and enlarges the sphere (both in terms of size and heterogeneity of individuals) in which self-enforcing arrangements can effectively govern interactions. Intermarriage, membership in secret societies, shared land usage, common religious rituals, and other customs were all used by the members of disparate (often stateless) tribes in pre-colonial Africa as a way of building trust between different people and enlarging the sphere in which relationships could exist despite the absence of government.

4. Concluding remarks

As Sawyer points out, the Ostroms' framework for analyzing problems of political economy is particularly well suited to examining Africa's conflict. Above, I have merely tried to indicate some possible applications in this regard. My short comments do not do justice to the tremendous light that the Ostroms' research agenda stands to shed on Africa's situation. Applications of this agenda provide a rich avenue for future work.

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