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Institutions and Instability in Africa: Nigeria, Sudan, and Reflections from Mises's Nation, State and Economy

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Abstract: In recent years as part of development economics discourse a new emphasis has emerged dealing with institutions and economic development. One path of the institutional analysis has drawn on historical evidence in order to explain the root causes of welfare differences between low-income and high-income countries. As a result, increasing evidence has surfaced linking implementation and persistence of types of institutions to the level of economic development and accumulation in many of the former colonies. This paper argues that in Nigeria and Sudan extractive colonial institutions were imposed and their legacy endured to the period of independence. By creating poverty and inequality as control mechanisms in favor of the colonizer, these institutions led to political and socio-economic marginalization of large segments of the population and therefore also to weak, politically unstable, and conflict torn post-colonial states.

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1 Introduction

Renewed interest has emerged in recent years within development economics regarding institutional approaches to social and economic organization in the developing countries. This has been partly due to the recognition of failures of a large part of the World Bank structural adjustment programs destined to Africa, which have generally paid little attention to the role of institutions in economic readjustment and creation of markets.[1] However, although a variety of case studies that deal with institutions and economic organization in Africa have been undertaken, very few analyses have focused on the colonial roots explaining contemporary resource distribution and their effects on political stability.

In Africa, the colonial institutions were imposed to extract resources and create poverty among the colonial subjects for enhanced control over them.[2] In most occasions, these governance structures had to be blended with the traditional institutions and informal social control mechanisms in order to function appropriately in each particular cultural setting. Hence it is important to recognize the cultural differences of institutions and how designing development policies for Africa based exclusively on neoclassical understanding of institutions is likely to lead to failure.

This paper goes beyond the interpretation of institutions in the neoclassical framework and aggregates them as formal and customary governance structures and practices. This is important in order to observe how institutions dictate the national resource distribution and affect the political stability in African states such as Nigeria and Sudan. The observations provided in this paper show evidence of how poverty and inequality (especially horizontal inequality) that emerge from political, economic, and social group marginalization may contribute to political instability and civil violence. However, due to the absence of reliable numerical data, predominantly descriptive accounts have been interpreted in order to examine the role of institutional practices in the emergence of political instability and civil strife in Nigeria and Sudan.

[1] See i.e. Howard Stein, "Theories of Institutions and Economic Reform." *World Development* Vol. 22, No. 12 (1994), pp. 1833-1849.

[2] See i.e. Macharia Munene, "Culture and the Economy: The Creation of Poverty", Kenyatta University Culture Week Seminar, September 20, 2001.

The article is divided into nine sections. Section two provides the view of how the paper defines institutions and how they are linked to political control. The third section discusses Mises's perception of imperialism and nationalism related to marginalization based on *Nation, State and Economy* (1919). Fourth section introduces a framework that seeks to link colonial institutional legacy to political instability, while sections five, six and seven attempt to establish causal linkages between institutions, extraction, poverty and inequality, and ethnic mobilization. Section eight provides brief case studies of Nigeria and Sudan, and section nine concludes.

2 Institutions as Controlling Mechanisms

Institutions are often viewed as arrangements governing societal organization. According to *The New Shorter Oxford English Dictionary* institution can be "An established law, custom, or practice".[3] They are normally defined depending on the focus of the investigation and academic perspective within each discipline. Therefore, there does not appear a generally accepted definition of institutions among scholars. For instance, according to Stein (1994) in economics the neoclassical Structural Adjustment Programs (SAP), the New Institutional Economics (NIE), and the Old Institutional Economics (OIE) traditions all have their particular views of institutions that govern a society and organize its economy. Diverging views of institutions by the eminent scholars of the Austrian School of Economics, the NIE, and the OIE traditions demonstrates the problem of definition. While Mises (1949) argues that institutions impose rules that prevent "... an attempt to substitute more satisfactory state of affairs for a less satisfactory one"[4], North (1991) perceives them as "... the humanly devised constraints that structure political, economic and social interaction"[5] pointing out the common view among the NIE scholars. On the other hand, Veblen (1919), an eminent scholar within the OIE tradition, views institutions as less instrumental and more natural "... as settled habits of thought common to the generality of man".[6]

[3] *The New Shorter Oxford English Dictionary*. 1993. Volume 1. (Oxford: Oxford University Press), p. 1383.
[4] Ludwig von Mises. *Human Action, A Treatise on Economics* (New Haven: Yale University Press, 1949), p. 97.
[5] Douglass North. "Institutions", *Journal of Economic Perspectives* 5, 1 (1991), p. 97.
[6] Thorstein Veblen. *The Place of Science in Modern Civilization and Other Essays* (New York: Huebsch, 1919), p. 239.

This paper adopts a definition of institutions as governance structures, socially established laws, customs or practices. It does not differentiate between informal constraints and formal rules, but aggregates institutions that affect political, economic and social interaction.[7] According to Acemoglu et. al. (2003) institutions can be viewed as social arrangements including "... constitutional and social limits on politicians' and elites' power, the rule of law, provisions for mediating social cleavages, strong property rights enforcement, a minimum amount of equal opportunity and relatively broad-based access to education, etc."[8] They can be aggregated into broad categories such as political and economic institutions that dictate the economic performance and the distribution of resources within a society.

Acemoglu et. al. (2004) construct a framework that places a political elite or a ruler in charge of political institutions, which determine their *de jure* political power, while the politically powerful groups that enjoy the largest share of national resources possess *de facto* political power. It explains how concentration of political power to a small elite, as in the case of many former colonies, results in political and economic institutions that predominantly serve interests of that particular group in expense of the general population. The framework introduced in this paper follows this line of thought but is extended further in an attempt to understand how institutions are linked to inequality and political instability in post-colonial states, such as Nigeria and Sudan.

3 Of Imperialism, Authoritarian State, and Marginalization

Ludwig von Mises views authoritarian state structures that were also present in most African colonial states as obstruction to equality and liberty of individuals and minority populations. In his *Nation, State and Economy* (1919), Mises argues that

> The absolute ruler not only regards every other community between his subjects as dangerous, so that he tries to dissolve all traditional comradely relations between them that do not derive their origin from state laws enacted by him and is hostile to

[7] See North (1981, 1991) on the evidence of differences between institutions as informal constrains or formal rules.

[8] Daron Acemoglu, Simon Johnson, James Robinson and Yunyong Thaicharoen. "Institutional causes, macroeconomic symptoms: volatility, crises and growth", Journal of Monetary Economics 50 (2003), p. 52.

> every new formation of community, perhaps through clubs; he also will not allow the subjects of his different territories to begin to feel themselves comrades in their role as subjects.[9]

This reflects how the same divide and rule tactics that were introduced in Europe were later used throughout Africa during colonization and created disintegrated societies in which ethnic or local affinities overtook the sense of nationhood. Mises further suggests that, "The imperialistic people's state scarcely differs from the old princely state … It wants to hear nothing of the right of peoples"[10]. This links imperialism and colonization to oppression of civil liberties and dispossession of the right to self-determination.

What Mises further aptly points out is that imperialism does not serve common good since it is neither cost effective for the imperial power nor does it recognize liberty of the oppressed populations.[11] He therefore foresaw the European exodus from Africa due to rising costs of colonial administrations, and the effects of the authoritarian governance structures that focused on extraction, repression and marginalization of the local populations through the emergence of disparate levels of poverty and inequality.

The colonial institutional legacy endured in Africa to a large extent to the post-colonial period. As van de Walle (2001) suggests, the colonial dynamics of exploitation endured as

> African elites inherited state structures and a style of governance from the colonial era that were illiberal and geared toward enforcing law and order rather than the promotion of citizen welfare. Traditions of authoritarian rule. paternalism, and dirigisme were embedded in the institutions the new leaders inherited and largely kept.[12]

Similarly, Mises recognizes that minorities, such as the African elites, often oppose democratic transition in order to avoid power sharing that would threaten their position in controlling the state apparatus.[13]

[9] Ludwig von Mises. *Nation, State and Economy*. Translated English edition by Leland B. Yeager (New York University Press, 1983), p. 59.
[10] Ibid., 108.
[11] Ibid., 106-114.
[12] Nicolas van de Walle. *African Economies and the Politics of Permanent Crisis*, 1979-1999. (Cambridge: Cambridge University Press, 2001), pp. 116-117.
[13] Mises, *Nation, State and Economy*. p. 77.

He is also concerned about oppression and inequality among individuals. Mises points out that authoritarian state structures create political marginalization and inequality by suggesting that

> He who is compelled to obey laws on whose enactment he has no influence, he who must endure a government ruling over him in whose formation he can take no part, is, in the political sense, unfree and is politically without rights, even though his personal rights may be protected by law.[14]

This has also been the case in many post-colonial societies in Africa, where minorities, or sometimes majority populations, have been marginalized by elites that emerged to dominate the state structures after colonialism.

Finally, although Mises views proportional political representation as insufficient solution for recognition of minority rights in multiethnic states, he also recognizes the ongoing competition between different groups and condemns the assimilation efforts by majorities. He concludes that in this way "Liberal nationalism gives way to militant antidemocratic imperialism".[15]

Of course, all of the above contradicts the liberal tradition and remains tied to political instability in the form of emerging challenges to the colonial and the later post-colonial repression in Africa. The next section introduces the framework constructed to interpret the linkages between the persisting authoritarian colonial institutional tradition and the political instability in Africa.

4 The Framework

Institutions put forward in various tropical colonies were designed to facilitate effective extraction of resources. This was especially true in Africa and in the cases of Nigeria and Sudan that were both believed to be rich in natural resources.[16] Since the extraction had to be undertaken in a politically unstable environment, the institutions were designed to impoverish the local population particularly in the less controlled marginal areas of

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[14] Ibid., 73.
[15] Ibid., 84.
[16] See more on Nigeria and Sudan in section eight.

the colonial authority. This guaranteed the colonial *status quo*. As a result, the peripheral regions that were often inhabited by large minority populations grew increasingly politically, economically, and socially marginalized.

After colonialism the marginal regions remained in a similar status within the post-colonial polities that were now governed by local elite put in place by the former colonial masters. Although nominal structural changes often took place to reform the colonial institutions in preparation for independence, they did not change *in practice* and reproduced the colonial society in the self-governed states through the persistence of institutional traditions dictating dynamics of the national resource distribution. While the post-colonial states often resembled their colonial counterparts, they grew to be weaker entities since the authority of the central government declined and became increasingly challenged by the marginalized groups of the national periphery.

The framework introduced here can be simplified in the following manner:

Colonial institutions	= >	Poverty & Horizontal Inequalities	= >	Ethnic Mobilization	= >	Political instability
(Resource extraction)		(Marginalization)		(Greivances)		

The following sections five, six, and seven discuss in more detail the evidence of linkages between institutions, extraction of resources, poverty, inequality, grievances, ethnic mobilization, and political instability.

5 Institutions and Extraction of Resources

A commonly accepted characteristic of institutions also recognized in this paper is that they tend to evolve slowly. It has also been established in the political economy literature that colonialism explains the foundation of capitalist institutional structure in post-colonial societies and that institutions dictate economic outcomes. According to Acemoglu et. al. (2002), the Europeans implemented various types of institutions depending on the geographical characteristics of colonies. Acemoglu et. al. (2003; 2004) divide these into two main categories. On the one hand, they argue that institutions that ensured the property rights for a large part of the society emerged in the European settler colonies with large settler communities and insignificant amount of local influence. Such colonies tended to be situated in geographically cooler parts of the globe, such as those located in North America.

On the other hand, institutions designed to extract wealth tended to emerge in colonies that were not predominantly European settler communities. These regions were mostly located in the tropical part of the planet and largely consisted of native populations.[17] Therefore, these tropical colonies had to be controlled through institutions that exercised repressive authoritarianism to establish control since the colonial administrators were often few.

European imperialism was extended to the tropical colonies partly because of resources. In order to ensure an effective flow of the local resources to feed the colonizing state, one solution was to implement what Acemoglu et al. (2003; 2004) call the "extractive" institutions. These institutions served two primary functions. First, they had to secure sufficient control of the territory in order to guarantee effective exploitation of local resources. Second, they had to be structured so that they could be easily adapted to changing circumstances by being firmly controlled and manipulated by the colonial authorities.

Similarly to the institutional perception of the OIE tradition, it was found out early on that imposition of institutions that were culturally embedded on the European model would not work effectively in most of the tropical colonies. Therefore, the extractive institutions needed to be disguised in order to be acceptable enough to be implemented in the local societies, and achieve meaning and credibility among the local population while ensuring efficient exploitation. The best way to impose these institutions was by finding local societal structures that could be put to serve the colonial interests.

Consequently, institutions that did not effectively limit the rulers' and elites' personal interests emerged in tropical colonies where the Europeans were a small minority, governing large local populations. In addition, since institutional practices are slow to change, they endured throughout the period of preparation of colonies for independence although superficial changes were often made to the governing structures.[18]

Similarly, after independence the institutional norms, practices, and customs imposed

[17] See i.e. Easterly and Levine (2003), and Acemoglu et al.
[18] See section eight for Nigeria and for Sudan.

during the colonial period persisted and often dominated post-colonial societies in Africa that had experienced short but the most intensive colonization. In other words, it is therefore plausible to argue that colonial institutional tradition is largely responsible of how political power and governance structures are perceived in a number of contemporary African states. Hence, the prevailing governance structures and practices are associated with marginalization of minority (or at times majority) populations and the problem of poverty and inequality, which are briefly discussed next.

6 Colonial Institutions: Creation of Poverty and Inequality

Creation of Poverty

As was noted in the previous section, one of the main functions of the extractive institutions implemented in African colonies was to create a sphere of control that facilitated effective exploitation of resources. This control was to be established through minimization of challenges to the colonial order through creation of poverty. Macharia Munene argues that

> …the reason some people go out of their way to create poverty is political, because poverty is a controlling mechanism … Those who resisted colonialism had to be made poor and all the resources available to colonial authorities including missionaries were deployed to impoverish the African.[19]

In general terms, this seems to be the case in colonial Africa. However, as the cases of Nigeria and Sudan later demonstrate, the greatest amount of poverty and exploitation was created in the marginal areas of the colonial authority, while the central regions where most political and economic power was concentrated often enjoyed proportionately larger share of development.

The regional development disparities that emerged during the colonial period often persisted after independence due to the domination of colonial tradition in the post-colonial state. This lent itself to the emergence of a perception of group-based inequalities

[19] Macharia Munene. "Culture and the Economy", p. 2.

that manifested themselves in growing political instability as can be seen in the cases of Nigeria and Sudan.

Of Inequality

Equally to the institutions, it is difficult to establish globally accepted definition for inequality. According to *The New Shorter Oxford English Dictionary*, inequality can be defined as "Inconsistency in treatment of people or distribution of things ... superiority or inferiority in relation to something ... [or] social or economic disparity".[20] In economics literature, there is an overwhelming emphasis of measuring inequality through individual income. This is also the case in the emerging economic literature on causes of civil wars. Most work in this field related to inequalities and conflict has focused on economic inequalities often measured through income distribution.[21]

However, Stewart (2000) points out that income distribution is a vertical measure and often becomes insignificant or significant in reducing rather than provoking conflict. Hence, Stewart (2000, 2002) and Cramer (2003) propose that horizontal inequality, which measures inter group inequality within a society, is more meaningful way of measuring the emergence of conflict between groups. This measurement should be undertaken through classification of groups based on religion, ethnicity, or class. According to them, these group identities are important, if not the main factor creating political instability and mobilization for civil conflict.[22]

Stewart (2000) further suggests that political, economic and social inequalities matter in the overall measurement of horizontal inequality. She develops a framework that has four categories measuring political participation, economic assets, employment and income, and social access and situation. Another study, Stewart (2002), illustrates empirical evidence on horizontal inequalities in Mexico, Fiji, Uganda, Sri Lanka, South Africa, Northern Ireland and Brazil, concluding that they are highly conflict provoking. She also goes further in demonstrating that both political and economic group differentiation is

[20] *The New Shorter Oxford English Dictionary*, p. 1357.

[21] For recent political economy literature on civil wars, see i.e. Collier (2000), Collier and Hoeffler (1998), Keen (1997; 2000), De Soysa (2000).

[22] Large literature that examines identity and mobilization for civil violence exists. See section seven for some references.

particularly important in the attempt of ethnic elites to mobilize groups for conflict. This is briefly discussed in section seven.

Furthermore, it is important to note that data on horizontal inequalities is usually hard to find. It is so because inequalities between groups are often not reported due to their contested nature. In addition, the most severe horizontal inequalities tend to exist within states that have non-democratic regimes or otherwise highly concentrated political power to one particular group. It is also important to note that the regimes governing states with high level of horizontal inequality are often unstable, challenged, vulnerable or lacking popular support. Although data on horizontal inequalities is difficult to encounter, in Stewart (2000, 2002) such efforts have been undertaken but remain severely incomplete. More recent attempt, UNRISD (2004) portrays evidence on horizontal group inequalities in the public sector in 16 countries in a comparative study. Finally, since most compelling evidence on horizontal inequalities can often be found mainly in descriptive historical accounts, the analysis of Nigeria and Sudan undertaken in this paper relies on such evidence.

Institutions and Inequality

How are institutions linked to inequality? Although the relation between institutions and growth (or lack of) has been widely documented in the political economy literature, less work has been done relating institutions to inequality. Similarly to what Mises suggests, North (1981) argues that the politically powerful groups often do not develop efficient institutions because these may prevent them from maximizing private revenues, and Robinson (1999) affirms that the political elite may use predatory strategies to protect its political power. This is largely why peculiar political and economic arrangements and decisions that reinforce the elite's grip to political power, rather than advancing the well being of larger population within a society, have been widespread in numerous African states.

Similarly to what has been suggested earlier regarding how post-colonial institutions in Africa function *in practice*, Glaeser et. al. (2003) argue that the political elites are often able to subvert legal, political and regulatory institutions for their own benefit in the expense of large cross section of the society. This takes place in societies with institutions that are not sufficiently independent of the manipulation by the political elite. Moreover, Acemoglu and Robinson (1999) develop a theory of social conflict that focuses on the role of elite economic opportunities and constraints shaping the institutional structures, while Acemoglu et. al. (2003; 2004) point out how institutions may prolong the largely non-democratic and unpopular regimes' ability to remain in power, constrain economic development, and restrain the access to national resources by groups that could emerge to threaten them. This, of course, is a plausible argument considering the possible prevalence of horizontal inequalities and seems to have been the case in Africa in places such as Nigeria, and Sudan. Finally, van de Walle (2001) argues that the political elite remains relatively isolated from societal pressures for institutional change in the case of most of Africa, since political elites are able to manipulate or subvert institutions for their liking in order to maintain themselves in power. This gives the political elite an advantage in maintaining the *status quo* over the societal pressures. Van de Walle's argument coincides with an earlier groundbreaking work of Alavi (1972), which suggests that postcolonial states are almost immune to the pressure of social classes and rather largely respond to external interest.

Acemoglu et. al. (2004) establish that extractive institutions that still remain intact in some states correlate with lower level of economic development than do so called *good* institutions. They are often also present in weak states with small privileged political elite and strong patrimonial networks that control the national resources.[23] Finally, van de Walle (2001) argues that the dynamics of maintaining political power in Africa sustain the role of national wealth in serving to enrich the political elite (and hence affirm its power) in expense of a wholehearted investment in development that might give leverage to groups contesting the authoritarian political order.

Finally, it seems to be that good institutional quality is associated with more equitable income distribution. Chong and Gradstein (2004) show evidence that states with poor institutions are likely to have high level of income inequality, and how interaction of political and income inequality may result in constrains of institutional reforms as in the case of Russia. Similarly, Sonin (2003) presents evidence on how poor quality of institutions is associated with low growth due to a disproportionate resource allocation favouring the rich.

[23] See i.e. Reno (2002; 2003; 2004) how this relates to violent political strife in weak or collapsed states.

7 Evidence on Inequality and Mobilization for Violence

Grievances related to ethnic mobilization for civil war have received much attention in recent years especially in the literature that concentrates on economic agendas in civil conflict. The greed versus grievance debate, which emerged during joint International Peace Academy and World Bank research project on causes of civil wars demonstrated the prevalence of economic incentives in the contemporary civil war formations. This resulted in studies that also explored the link between inequality and violent conflict. A number of them have considered income inequality insignificant to civil war formation. However, as noted earlier, other studies have proposed different way of measuring inequality and have since come to distinct conclusions.[24]

How are groups mobilized for inter-group violence? It has been widely documented that in the circumstances of insecurity and state failure to adequately protect its population, individuals tend to find refuge in their socially defined groups. According to Stewart (2000) in Central Africa, these groups are often defined based on ethnic identity while in Latin America the defining factor has largely been a mixture of class and ethnic elements. Badru (1998) suggests that the ethnic affinities play more important role than class in Nigeria, while Deng (1995), Lesch (1998), and Johnson (2003) make similar conclusions on Sudan.

Leaders of ethnic groups sometimes manipulate them with self-interested political and economic rhetoric that serves also as powerful motivational factor for group mobilization. Therefore, the economic, the political, and the cultural become intertwined as these motivational forces guide the ethnically defined groups. According to Mozaffar et. al. (2003) these groups then become mobilized as *ethnopolitical* entities. Furthermore, according to Fearon and Laitin (2000) overwhelming evidence exists claiming that ethnic identities are predominantly constructed rather than primordial, unchanging, or everlasting violent conditions between groups. Scholars of the constructivist school also argue that ethnic groups are constructed and manipulated by their respective political leaders with sometimes devastating consequences such as in Burundi, Rwanda, or Yugoslavia.[25]

[24] For instance, Cramer (2003) suggests that economic inequality inseparably bound to social, political, cultural and historical inequality and agrees with Stewart (2000) in that tackling horizontal inequalities reduces the preconditions for violent conflict in general terms.

[25] See Uvin (2000) for Burundi, Gaffney (2000) for Rwanda and Ignatieff (1997) for Yugoslavia.

Construction and manipulation of ethnic identities is often undertaken through political rhetoric and symbolism and cultivation of fear of the relative other. According to Ignatieff (1997), rhetoric that captures a suitable version of group's history tends to be particularly useful since most ethnic groups have engaged in inter-ethnic violence in the past. In order to aggravate the group consciousness further, leaders of the marginalized ethnic groups tend to use rhetoric based on marginalization, inequality, and poverty, at times provoking sufficient level of grievances to invoke mobilization for violence.[26] In other words, ethnic mobilization for violence needs inter group grievances that are best provided by the perceived political, economic or social inequalities.

8 The Framework in the Context of Nigeria and Sudan

Institutions and Domination in Nigeria

Nigeria was integrated in the sphere of British imperialism after the Berlin Conference of partition of Africa in 1884. Consequently, the British moved in to exploit the Nigerian resources by dividing it administratively into three protectorates. By the time the WWI broke out, British authorities unified the three regions into a colonial state called Nigeria. However, the administrative unification did not overcome the wide regional and ethnic differences that became dominant ways of group identity expression in the absence of any kind of national identity building attempt by the colonial authorities.

In contrast, the colonial masters exploited ethnic diversity in order to consolidate their rule. As a result, governance structures were designed with an objective to extract local resources and were supplemented by the colonial trading houses, such as the United African Company. In order to run the colonial economy efficiently, African labor was extracted by playing ethnic affinities against each other, resulting in efficient, loyal, and obedient work force.[27] During this period most development took place in the southern and coastal Nigeria where colonial administrative and economic centers where located, while peripheral regions became economically marginalized.

When the international and internal pressure for the British colonial masters to leave

[26] In case of Sudan this has been particularly clear in the case of a number of insurgencies.
[27] Pade Badru. *Imperialism and Ethnic Politics in Nigeria, 1960-96.* (Asmara: Africa World Press, 1998), p. 6.

Nigeria became more evident in the 1950s, hasty preparations for independence largely ignored the institutional practices and dynamics of resource distribution formed throughout the colonial period. According to Badru (1998),

> In desperation, the British imperial state had succumbed to pressure from powerful northern economic interests and designed a constitution that gave serious concessions to northern elites. The parliamentary model that was proposed was modulated by a system of proportional representation in which the federal parliament would be dominated by the ethnic group with the largest population.[28]

This shows how regional elites became hungry for political power upon British withdrawal since domination of state apparatus meant economic prosperity. Since the northern elites became dominant in the first independent government, other regional elites turned increasingly restless. This led to the first post-colonial crisis.

The ethnic regionalism had also another effect. It prevented the northern elite from effectively controlling the country because the constitutional structure was not suitable to consider regional interests in a just manner. In addition, the legacy of the colonial institutions produced a post-colonial society in which the flow of resources was similar to that of the colonial state. However, since the state itself was now weaker than during the colonial era due to ethnic rivalry, the fear of increased ethnic domination resulted in a fertile ground for mobilization for violence. This was supplemented by regional economic and political inequality that favored the southern region over the oil rich Igbo dominated eastern Nigeria.

Large-scale violence erupted in the mid 1960s, when the Igbo elite rallied its followers to challenge the state. It seems that the emergence of civil war has to do with interests of regional elites as Badru (1998) suggests, "The answer is simple, [I]t was the elite's war of greed fought over the private distribution of petro-dollars".[29] Since the civil war, serious coups have taken place in Nigeria together with ongoing demands for additional states to accommodate interests of the local elites.[30] In addition, according to Ashwe (1986) the

[28] Ibid., 8.

[29] Ibid., 85.

[30] See Rotimi T. Suberu, "The Struggle for New States in Nigeria, 1976-1990", *African Affairs* 90, 1991, pp. 499-522.

decades-long conflict over oil revenue sharing shows how just and transparent institutions managing natural resource rents might reduce political instability in Nigeria.

These crises illustrate two important characteristics of the weakness of the Nigerian state. First, they demonstrate the limitations of the governance structures in place to overcome challenges to the national government before they occur. Second, the crises portray the narrowness of the institutional structure's ability to accommodate other groups than the ruling elite that tend to have more difficulties reaping private benefit from the national resources.

Since the institutional structure and the actual institutional practices in Nigeria concentrate the political power and the economic prosperity to the small ruling elite, groups with low level of political and economic power, such as minority populations, are overwhelmingly marginalized. This, together with fears of ethnic domination has contributed to political instability at the local level.[31] Although since the civil war large-scale ethnic mobilization to challenge the state has not occurred, civil violence and crime have been widespread.[32]

The Legacy of Colonial Institutions and Marginalization in the Sudan

In the 1820s the Sudan was invaded by the Turco-Egyptian forces of Muhammad Ali, partly because of the myths of Sudanese riches that might have fueled the expansionary campaigns of the Egyptian Crown. It took the Egyptian overlords more than a decade to effectively control the Nile River valley in the central Sudan, but after that expansion took place mainly to the west to Darfur and southwards to what was to be the southern Sudan.

Egyptian authorities integrated the Sudanese borderlands to their sphere of control through submitting them to violent extraction of slaves and resources.[33] However, this policy was not undertaken coherently enough and corruption together with misadministration resulted in growing challenges to the colonial state. As a result, Islamic nationalist

[31] On ethnic domination see *Badru, Imperialism and Ethnic Politics in Nigeria, 1960-1996*, pp. 9-11.
[32] See i.e."Nigeria Worries U.S.", This Day, February 17, 2005 available at http://allafrica.com/stories/200502170077.html.
[33] This has been widely documented in a number of historical accounts. See i.e. Hassan (2000) and Johnson (2003).

movement of the Mahdi was able to bring down the colonial state in the 1880s and Sudan enjoyed a short period of self-rule until British invasion that led to its annexation to the British colonial system by the turn of the century.

The British colonization of Sudan was more systematically undertaken in order to avoid the Turco-Egyptian failures that had resulted in the demise of previous imperial rule. Some of the colonial institutions implemented were to be assimilated to the local customs such as taxation of pastoral populations in the South and implementation of common law legislation that could be adopted in the local legal traditions.[34]

Unlike the earlier Egyptian masters, the British authorities were able to pacify most of the colony by 1920s. This was done by granting some regions such as Darfur, large degree of autonomy while others were subdued by force.[35] Once relative stability had been achieved, the colonial economic ventures were implemented in order to feed the British economy. Cotton became the main crop grown in the central Sudan to be exported to Britain. This made the central riverain Sudan the richest and most developed region in expense of the marginal lands that enjoyed only scattered development during the British period.[36]

Once the British prepared for departure, they handed over the state control exclusively to the Arab Muslim elite of the central Sudan in expense of other populations of the highly diverse state. Although the political structures were nominally changed to accommodate a more representative form of government, the dynamics of the institutional practices and the lack of common national identity prevented the widespread participation to the Sudanese politics since it became largely Arab-Muslim dominated and predominantly sectarian.[37] As a result, the control of the state was left firmly to the hands of the northern Arab-Muslim elite that continues to control the state apparatus today.

By the end of the colonial rule, violence broke out in the south, a region that had been largely marginalized both in colonial and independent Sudan. Challenge to the national

[34] Douglas H. Johnson, *The Root Causes of Sudan's Civil Wars*, (Indiana University Press: Bloomington, 2003), pp. 11-14.

[35] See i.e. de Chand (2000), Hassan (2000), and Johnson (2003).

[36] See i.e. Markakis (1998) and Johnson (2003).

[37] de Chand (2000), Johnson (2003), and Melvill (2002) provide excellent overviews on political marginalization in the Sudan.

government further intensified during the 1960s before the large scale fighting finally ended in 1972, resulting in Southern autonomy. However, the regional grievances were not comprehensively addressed and after serious tampering with the southern autonomy by the Nimeiri regime, the war broke out again in 1983.

As Johnson (2003) points out, the structural root causes to civil violence in the Sudan seem to lay in the deep injustices that were created historically during the two waves of colonization. Institutions related imperialism and exploitation hence created a particular type of social hierarchy in which Arab and Muslim identity dominates other groups that are marginalized in the peripheral regions.[38] This social hierarchy is still reproduced in the contemporary Sudan and contributes to political, economic and social marginalization, the main characteristics of poverty and horizontal inequality.

In sum, it is plausible to argue that the institutions created in Sudan during colonialism were designed largely to secure the extraction of resources first by the Egyptians and later by the British. As a result, the patterns of how resources were extracted and distributed corresponded to the interests of the colonizing powers. The colonial authorities were therefore exclusively in control of the political power and the resource flows. Consequently, political power, wealth, and economic development within Sudan all became concentrated on the central Nile River region that became the heartland of the administrative control of the colonial authority. The periphery remained largely frontier land where large part of resource extraction and deepest poverty took place. Regional and group based inequalities were implanted during this period as historically the groups in the Sudanese periphery were violently exploited (slavery) and did not receive proportional share of neither political power nor national resources. Finally, this is at least partly, if not primarily, responsible for the political instability and ongoing challenges to the Sudanese state for the most of the post-independence period.

9 Concluding Remarks

This paper has dealt with obstacles to development in Africa. It has suggested that institutional traditions implemented in the colonial era have largely endured to the post-colonial

[38] See Deng (1995) and Lesch (1998) for detailed accounts on the formation of social hierarchy, identity differences and conflict in the Sudan.

period and contribute to the widespread poverty, inequality and political instability. This has been the case in Nigeria and Sudan, which are both controlled by post-colonial elite through authoritarian governance structures that create a particular perception of political power and guarantee political elite domination of national resources.

In his *Nation, State, and Economy* (1919), Ludwig von Mises has given valuable insights to political repression, inequality and minority rights. He views authoritarian state structures as impediment to liberal nationalism and individual rights, while noting that they are often controlled by privileged minorities unwilling to let go of political power for common good. He perceived this sort of repression and political marginalization largely unjust and economically inefficient, and foresaw the European exodus from Africa due to rising costs of colonial administration. Finally, although Mises does not view proportional representation as adequate political strategy to secure minority rights, he condemns the repression by one group over others and denounces assimilation efforts often undertaken by majorities to homogenize the society.

Finally, the framework suggested in this paper attempts to link colonial institutional legacy with poverty and inequality, ethnic mobilization, and political instability. It argues that understanding African underdevelopment today requires close examination of colonial institutions and their enduring tradition dictating how political power is perceived and how it affects the distribution of national resources. This seems to be the case in Nigeria and the Sudan, where colonial roots have grown into post-colonial crises.

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