

## Economic History of the Developed World: Lessons for Africa

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### Introduction

In the last 25 years, the dominant development paradigm has been based on the belief that the role of the government should be confined to providing macroeconomic stability, protection of property rights, and the provision of public goods. Starting in the late 1970s and the early 1980s, state-led and nationalistic development strategies, which most developing countries pursued in the 1960s and the 1970s, were denounced as having created inefficiencies, corruption, and slow growth. As a result, a set of policies, known as neo-liberal policies, was recommended, comprising liberalisation of trade and foreign investment, privatisation of state-owned enterprises, deregulation of domestic industries, more ‘prudent’ macroeconomic policy, and a stronger protection of intellectual property rights.

For good and bad reasons, neo-liberal policies have been very influential in Africa. The relatively sluggish economic performance of the continent in the 1960s and the 1970s, compared to the rest of the developing world, created greater scepticism about the state-led development strategies. The continuous foreign exchange crises that most countries in the continent have experienced have made it necessary for them to go to the Bretton Woods institutions – that is, the IMF and the World Bank – more frequently, making it unavoidable for them to accept the neo-liberal policies conditionalities imposed by those institutions.

Unfortunately, neo-liberal policies have produced very poor outcomes in Africa (see table 1). Per capita income in Sub-Saharan Africa used to grow at 1.6% in the 1960s and the 1970s. Between 1980 and 2004, it *shrank* at the rate of 0.3% (**table 1**).

**Table 1. Annual per capita GDP growth rates (%)**

	‘Bad Old Days’ 1960-80 (%)	‘Brave New World’ 1980-2004 (%)
<b>All Developing Countries</b>	<b>3.0</b>	<b>2.2</b>
Latin America and the Caribbean	3.1	0.5
Sub-Saharan Africa	1.6	-0.3

Source: World Bank, United Nations

I don’t have separate figures for North Africa, but per capita income in North Africa and the Middle East grew at 2.5% in the 1960s and the 1970s (table 2). Between 1980 and 2000, it *shrank* at the rate of 0.1% (table 3).

This poor growth record is a particularly damning indictment for a doctrine sold on the slogan that “we need to generate more wealth before we can re-distribute it.” To be fair, growth in many African countries picked up in the last 5-6 years due to commodity boom, but, in the absence of systematic industrial strategy that neo-liberalism inevitably leads to, little of this has been translated into structural transformation and technological upgrading that makes self-sustaining growth possible. As a result, with the world economy rapidly sinking into the biggest recession since the Great Depression, this growth is going to come to an end.

**Table 2. Per capita GNP Growth Performance of the Developing Countries, 1960-80**

	1960-70 (%)	1970-80 (%)	1960-80 (%)
<b>Low-income countries</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>
Sub-Saharan Africa	1.7	0.2	1.0
Asia	1.8	2.0	1.9
<b>Middle-income countries</b>	<b>3.5</b>	<b>3.1</b>	<b>3.3</b>
East Asia and Pacific	4.9	5.7	5.3
Latin America and the Caribbean	2.9	3.2	3.1
Middle East and North Africa	1.1	3.8	2.5
Sub-Saharan Africa	2.3	1.6	2.0
Southern Europe	5.6	3.2	4.4
<b>All Developing Countries</b>	<b>3.1</b>	<b>2.8</b>	<b>3.0</b>
<b>Industrialised Countries</b>	<b>3.9</b>	<b>2.4</b>	<b>3.2</b>

Source: World Bank, *World Development Report 1980*, Appendix Table to Part I.

Note: The 1979 and 1980 figures used are not final, but World Bank estimates. Given that the estimates were supposed to be on the optimistic side, the actual growth figures for 1970-80 and 1960-80 would have been slightly lower than what are reported in this table.

**Table 3. Per capita GDP Growth Rates of the Developing Countries, 1980-2000**

	1980-90 (%)	1990-20 (%)	1980-2000 (%)
<b>Developing Countries</b>	<b>1.4</b>	<b>2.0</b>	<b>1.7</b>
East Asia and Pacific	6.4	6.0	6.2
Europe and Central Asia	1.5	-1.8	-0.2
Latin America and the Caribbean	-0.3	1.7	0.7
Middle East and North Africa	-1.1	1.2	-0.1
South Asia	3.5	3.7	3.6
Sub-Saharan Africa	-1.2	-0.2	-0.7
<b>Developed Countries</b>	<b>2.5</b>	<b>1.7</b>	<b>2.1</b>

Source: World Bank, *World Development Report 2002*, table 1 (p. 233) for the population growth figures and table 3 (p. 237) for the GDP growth figures

Notes: The figures are only approximate, as they were constructed by subtracting the population growth rates from GDP growth rates. This had to be done because the World Bank stopped publishing decade-wise per capita GDP growth rates from its *World Development Report 1998*. For country classification, see the table in p. 334 of World Bank, *World Development Report 2000/1*.

Curiously, the failure of neo-liberal policies, especially in the African context, has often been ‘explained’ by what I call ABP – anything but policy. From a common sense point of view, if

a policy does not work, the first natural thing to suspect is the policy. To the mainstream economists, this is unthinkable. They argue that their policies have been proven by economic theory and real life experiences.

Given the theme of today's lecture, I will not discuss the theoretical limitations of neo-liberal economics, but those who are interested in my view on this can read my works.<sup>1</sup>

In addition to claiming that their policies are based on 'scientifically proven' economic theories, neo-liberal economists also make a big deal out of the fact that the policies that they recommend have been proven to work by the history of capitalism. They ask: "given that all of today's rich countries became rich through free-market, free-trade policies, how does Mozambique, Kenya, or Senegal think that it can do it any other way?" Some of them may concede that the East Asian countries – Japan, South Korea, and Taiwan – have done it through protectionism and interventionist policies, but they would quickly add that these countries are the exceptions that prove the rule. They argue that the East Asian countries could succeed with those policies because they had a lot of 'special conditions', such as Confucian culture, ethnic homogeneity, and capable bureaucrats, which other developing countries, especially those in Africa, do not have.

Having denied that their policies can ever be wrong for these reasons, what do the neo-liberal economists do in order to explain the failures of their policies? In short, they blame the countries. Especially in the African context, in the last decade or so, a huge literature has emerged that 'explains' poor economic performance during the neo-liberal period with things that are beyond the control of the economists, so to speak – like climate (e.g., high incidence of tropical diseases), geography (e.g., landlockedness, 'bad neighbourhood'), natural resource endowments (i.e., the 'resource curse'), ethnic division, poor institutions (put in place by the European colonizers), poor human resources (especially the bureaucratic capabilities), culture (e.g., laziness, inability to cooperate), and what not.

I will get back to these issues later in my talk, but for the moment let me focus on the claim that most rich countries have developed on the basis of liberal (or neo-liberal) policies.

Let me start with Britain – the country that is supposed to have invented free trade and thereby became the first hegemon of the world economy. Contrary to the popular myth, Britain had been an aggressive user, and in many areas a pioneer, of activist industrial and trade policies

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<sup>1</sup>Especially see those collected in H-J. Chang, *Globalization, Economic Development, and the Role of the State* (2003, Zed Press).

intended to promote infant industries. Until the 17<sup>th</sup> century, Britain was a backward country dependent on raw wool exports to the Low Countries (or what are the Netherlands and Belgium today), so it implemented various schemes to promote ‘import substitution’ in woollen manufacturing. In 1721, British industrial policy got a further impetus when the so-called first Prime Minister, Robert Walpole introduced a trade policy reform, which introduced many “East-Asian-style” policies (protection of ‘infant’ industries, export subsidies, the lowering of tariffs on industrial inputs; even things like import tariff rebates on inputs used for exporting or export quality control by the state). And between this and the repeal of the Corn Law in 1846, Britain implemented a most aggressive infant industry promotion programme (table 4).

**Table 4. Average Tariff Rates on Manufactured Products for Selected Developed Countries in Their Early Stages of Development**  
(Weighted average; in percentages of value)<sup>1</sup>

	1820 <sup>2</sup>	1875 <sup>2</sup>	1913	1925	1931	1950
Austria <sup>3</sup>	R	15-20	18	16	24	18
Belgium <sup>4</sup>	6-8	9-10	9	15	14	11
Canada <sup>5</sup>	5	15	n.a.	23	28	17
Denmark	25-35	15-20	14	10	n.a.	3
France	R	12-15	20	21	30	18
Germany <sup>6</sup>	8-12	4-6	13	20	21	26
Italy	n.a.	8-10	18	22	46	25
Japan <sup>7</sup>	R	5	30	n.a.	n.a.	n.a.
Netherlands <sup>4</sup>	6-8	3-5	4	6	n.a.	11
Russia	R	15-20	84	R	R	R
Spain	R	15-20	41	41	63	n.a.
Sweden	R	3-5	20	16	21	9
Switzerland	8-12	4-6	9	14	19	n.a.
United Kingdom	45-55	0	0	5	n.a.	23
United States	35-45	40-50	44	37	48	14

Source: H-J. Chang, *Kicking Away the Ladder* (2002, Anthem Press), p. 17, table 2.1, largely based on P. Bairoch, *Economics and World History – Myths and Paradoxes* (1993, Wheatsheaf), p. 40, table 3.3.

Notes:

R= Numerous and important restrictions on manufactured imports existed and therefore average tariff rates are not meaningful.

1. World Bank, *World Development Report 1991* (p. 97, Box table 5.2) provides a similar table, partly drawing on Bairoch's own studies that form the basis of the above table. However, the World Bank figures, although in most cases very similar to Bairoch's figures, are *unweighted* averages, which are obviously less preferable to *weighted* average figures that Bairoch provides.

2. These are very approximate rates, and give range of average rates, not extremes.

3. Austria-Hungary before 1925.

4. In 1820, Belgium was united with the Netherlands.

5. Source: K. W. Taylor, "Tariffs", in W. Stewart Wallace (ed.), *The Encyclopedia of Canada*, Vol. VI, Toronto, University Associates of Canada, 1948, pp. 102-108, p. 398.

6. The 1820 figure is for Prussia only.

7. Before 1911, Japan was obliged to keep low tariff rates (up to 5%) through a series of "unequal treaties" with the European countries and the USA. The World Bank table cited in note 1 above gives Japan's *unweighted* average tariff rate for *all goods* (and not just manufactured goods) for the years 1925, 1930, 1950 as 13%, 19%, 4%.

Britain adopted free trade only in the 1860s, when its industrial superiority became unquestionable. It was on the basis of these historical facts that Friedrich List, the 19<sup>th</sup>-century German economist who is today commonly – but mistakenly, as I will explain shortly – known as the father of infant industry protection argument, condemned the British advocacy of free trade in the 19<sup>th</sup> century as an act equivalent to “kicking away the ladder”, with which it climbed up to the top.

“It is a very common clever device that when anyone has attained the summit of greatness, he *kicks away the ladder* by which he has climbed up, in order to deprive others of the means of climbing up after him. In this lies the secret of the cosmopolitical doctrine of Adam Smith, and of the cosmopolitical tendencies of his great contemporary William Pitt, and of all his successors in the British Government administrations.

Any nation which by means of protective duties and restrictions on navigation has raised her manufacturing power and her navigation to such a degree of development that no other nation can sustain free competition with her, can do nothing wiser than *to throw away these ladders* of her greatness, to preach to other nations the benefits of free trade, and to declare in penitent tones that she has hitherto wandered in the paths of error, and has now for the first time succeeded in discovering the truth [italics added]” (List, *The National Systems of Political Economy*, 1841 [1885 translation], pp. 295-6).

If Britain was the first country to have succeeded by infant industry protection, the first country to have theorised it is the US. The person who invented the infant industry argument is none other than the first Treasury Secretary of the US, Alexander Hamilton. Hamilton developed the theory of infant industry protection (and even coined the name) in his 1791 report to the Congress. And what impudence – in recommending infant industry protection for his young country, this 35-year-old finance minister with only a liberal arts degree from what then was a second-rate college (King’s College of New York) was going against the advice from the leading economists of the day like Adam Smith, who openly advised the Americans not to ‘artificially’ develop industries.

“Were the Americans, either by combination or by any other sort of violence, to stop the importation of European manufactures, and, by thus giving a monopoly to such of their own countrymen as could manufacture the like goods, divert any considerable part of their capital into this employment, they would retard instead of accelerating the further increase in the value of their

annual produce, and would obstruct instead of promoting the progress of their country towards real wealth and greatness” (Adam Smith, *The Wealth of Nations*, 1776, pp. 347-8).

Initially, few Americans were convinced by Hamilton’s argument, and Congress rejected his proposal. But over time, people saw sense in his argument, and the US adopted protectionism after the end of the Anglo-American War in 1816. From about the 1830s until the Second World War, the US was the most protectionist country in the world, except for Russia in the early 20<sup>th</sup> century (see table 4). Even the infamous Smoot-Hawley tariff of 1930, which is supposed to have destroyed the world trading system, was not such an aberration. It was only after the Second World War, with its industrial supremacy unchallenged, that the US liberalised its trade, proving List right.

**Table 5. Protectionism in Britain and France, 1821-1913**  
(measured by net customs revenue as a percentage of net import values)

Years	Britain	France
1821-1825	53.1	20.3
1826-1830	47.2	22.6
1831-1835	40.5	21.5
1836-1840	30.9	18.0
1841-1845	32.2	17.9
1846-1850	25.3	17.2
1851-1855	19.5	13.2
1856-1860	15.0	10.0
1861-1865	11.5	5.9
1866-1870	8.9	3.8
1871-1875	6.7	5.3
1876-1880	6.1	6.6
1881-1885	5.9	7.5
1886-1890	6.1	8.3
1891-1895	5.5	10.6
1896-1900	5.3	10.2
1901-1905	7.0	8.8
1906-1910	5.9	8.0
1911-1913	5.4	8.8

Source: J. Nye, ‘The Myth of Free Trade Britain and Fortress France’, *Journal of Economic History*, 1991, p. 26, Table 1.

In terms of trade policy, with few exceptions such as Switzerland (until the First World War) and the Netherlands, all of today's rich countries used protectionism.<sup>2</sup> Interestingly, countries like France, Germany, and Japan – countries normally thought to be the homes of protectionism – did not use infant industry protection as vigorously as Britain or the USA did (see tables 4 and 5). Japan could not use tariff protection until 1911 due to the unequal treaties it had been forced to sign upon opening in 1853. Even in the post-WWII period, protection was quite high until the 1960s (table 6).

Similar pictures hold in other policy areas.

**Table 6. Average Tariff Rates (%) on Manufactured Products for Selected Developed Countries in the early post-Second-World-War Period**

	1950	1959	1962	1973	1979
Europe					
Belgium	11	14			
France	18	30			
West Germany	26	7			
Italy	25	18			
Netherlands	11	7			
E.E.C. Average <sup>1</sup>		15	13	8	6
Austria	18		20 <sup>2</sup>	11	8
Denmark	3				
Finland			20-plus <sup>3</sup>	13	11
Sweden	9		8	6	5
Japan	n.a.		18	10	6
United Kingdom	23		16		
United States	14		13	12	7

Source: H-J. Chang, *Why Developing Countries Need Tariffs - How WTO NAMA Negotiations Could Deny Developing Countries' Right to a Future* (2005, Oxfam, Oxford, and South Centre, Geneva), table 5

(<http://www.southcentre.org/publications/SouthPerspectiveSeries/WhyDevCountriesNeedTariffsNew.pdf>)

Notes:

1. EEC average after 1973 includes Denmark and the UK.

2. 1960

3. Estimate by the author. The data on Finland's tariff rates are not readily available, but, according to the data reported in table 8.2 of Panić (1988, p. 151), in 1965 tariff revenue as a percentage of all imports in Finland was 9.97%, which was considerably higher than that of Japan (7.55%), which had 18% average industrial tariff rate, or that of Austria (8.57%), which had 20% average industrial

<sup>2</sup> For further details, see H-J. Chang, *Kicking Away the Ladder* (2002, Anthem Press, London), ch. 2 and H-J. Chang, *Bad Samaritans* (2007, Random House, London, and 2008, Bloomsbury USA, New York), ch. 2, 'The double life of Daniel Defoe'

tariff rate. Given these, it would not be unreasonable to estimate that Finland's average industrial tariff rate in the mid-1960s was well over 20%.

Many countries regulated FDI when they were at the receiving end.<sup>3</sup> In the 19<sup>th</sup> century, the US regulated FDI in finance, banking, shipping, mining and logging. Especially in banking; only American citizens could become directors in a national (as opposed to state) bank and foreign shareholders could not vote in AGMs. Japan (Korea and Taiwan to a lesser extent) virtually banned foreign direct investment until the 1980s. Between the 1930s and the 1980s, Finland classified all firms with more than 20% foreign ownership as “dangerous enterprises”.

Same story with SOEs.<sup>4</sup> Germany (textile, steel) and Japan (steel, shipbuilding) used SOEs to kick start their industrialization. SOEs were extensively used in France, Finland, Austria, Norway, Taiwan, and Singapore in the post-WWII period. SOEs produced 22% of Singapore's GDP and 16% of Taiwan's GDP. Most famous French firms are either still state-owned or were so until recently.

We see the same picture in the area of IPRs.<sup>5</sup> Many countries explicitly allowed patenting of foreigners' inventions (Britain, the Netherlands, USA, France, Austria). In the 19<sup>th</sup> century, the Germans mass-produced fake ‘Made in England’ products. Switzerland (until 1907) and the Netherlands (until 1912) refused to protect patents. The US refused to protect foreigners' copyrights until 1891 (refused to protect copyrights for materials printed abroad until 1988).

In finding the information that I have presented to you, I did not have to hack into some secret data base at the IMF or travel to Salamanca to read some 17<sup>th</sup> century manuscript. The information is all there in a good university library and these days on the internet, if you know what to look for. But most people do not even look for this information, because history of capitalism has been so comprehensively re-written that we don't even know that it has been re-written.

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<sup>3</sup> See *Bad Samaritans*, ch. 4, ‘The Finn and the elephant’ and H-J. Chang & D. Green, *The Northern WTO Agenda on Investment – Do as We Say, Not as We Did*, South Centre, Geneva, and CAFOD (Catholic Agency for Overseas Development), London, 2003

<sup>4</sup> For details, see *Bad Samaritans*, ch. 5, ‘Man exploits man’ and H-J. Chang, ‘State-owned Enterprise Reform’ in the United Nations Department of Social and Economic Affairs (ed.), *National Development Strategies – Policy Notes* (United Nations, New York, 2008).

<sup>5</sup> See *Bad Samaritans*, ch. 6, ‘Windows 98 in ’97

When I say all these things, people often come back and say: “Alright, alright, you may be right about 19<sup>th</sup> century US or 20<sup>th</sup> century Japan, but do you really expect that the African countries, with so many structural handicaps, can use those policies and succeed?” So we are back to what I earlier called the ABP arguments.

I don’t have the time to discuss any of these arguments in detail, so today I am going to confine myself to pointing out some prominent example from the history of today’s rich countries.

First, tropical climate is supposed to cripple economic growth by creating health burdens due to tropical diseases. A mild rebuke against this argument is the fact that many of today’s rich countries used to have malaria and other tropical diseases, at least during the summer – not to speak of Singapore, which is bang in the middle of the tropics, but also Southern Italy, Southern US, South Korea, and Japan. On a more serious note, frigid and arctic climates, which affect a number of rich countries in Scandinavia, Canada, and parts of the US, impose structural burdens of their own – machines seize up, fuel costs skyrocket, and transportation is blocked by snow and ice. I don’t think there is any *a priori* reason to believe that cold weather is better than hot weather for economic development. So blaming Africa’s under-development to climate is confusing the cause and the symptom – poor climate does not cause under-development; a country’s inability to overcome ‘poor’ climate is only a symptom of under-development.

In terms of geography, landlockedness of many African countries has been very much emphasized. I think there is something here, but we should not over-emphasise it. Just to remind you, remember that Switzerland is landlocked, while the Scandinavian countries used to be effectively landlocked for half of the year, until they developed the ice-breaking ships.

People talk of the resource curse, but then how do you explain the development of countries like the US, Canada, Australia, which are much better endowed with natural resources than all African countries, with the possible exceptions of South Africa and DRC? In fact, most African countries are not that well endowed with natural resources in absolute terms – less than a dozen African countries have any significant mineral deposit.<sup>6</sup> They look that way mainly because they produce little else, not because they have a lot of natural resources compared to other countries.

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<sup>6</sup> See the evidence presented in H-J. Chang, “How Important were the ‘Initial Conditions’ for Economic Development – East Asia vs. Sub-Saharan Africa” (chapter 4) in H-J. Chang, *The East Asian Development Experience: The Miracle, the Crisis, and the Future*, 2006, Zed Press

We talk of ethnic divisions hampering growth in Africa, but this also needs questioning. Ethnic diversity is the norm elsewhere too. Even ignoring ethnic diversities in immigration-based societies like the US, Canada, and Australia, many European countries have suffered from linguistic, religious, and ideological divides. Belgium has two (and a bit, if you count the tiny German-speaking minority) ethnic groups. Switzerland has four languages and two religions, and has experienced a number of mainly-religion-based civil wars. Spain has serious minority problems with the Catalans, the Basques, and so on. Finland had an infamous civil war of 1918 between the right and the left (after which the victorious right deprived the communists of their voting rights until 1944) as well as a significant Swedish-speaking minority. And so on. Even the East Asian countries that are supposed to have particularly benefited from their ethnic homogeneity have serious problems with ethnic divisions. You may think Taiwan is ethnically homogeneous, as they are all ‘Chinese’, but the population consists of two (or four, if you divide them up more finely) linguistic groups that verbally do not understand and even hate each other (the ‘mainlanders’ vs. the Taiwanese). Japan has serious minority problems, including the Korean, the Okinawans, the Ainus, and the Burakumins. South Korea may be one of the most ethno-linguistically homogeneous countries in the world (very interestingly, together with Rwanda, which proves that ‘ethnicity’ is a political, rather than a natural, construction), but that does not prevent us from hating each other. For example, there are two regions in South Korea that particularly hate each other (Southeast and Southwest), so much so that some people from those regions would not allow their children to get married to someone simply because he/she is ‘from the other place’. In other words, the rich countries do not suffer from ethnic heterogeneity, not because they really have homogeneous populations but because they have succeeded in ‘nation-building’ – with a healthy dose of repression of minorities.

People say that ‘bad’ institutions are holding back Africa, but when the rich countries were similar levels of material development to that we find in Africa today, they had institutions far worse than what African countries have today.<sup>7</sup>

People talk about ‘bad’ cultures in Africa, but most of today’s rich countries had once been argued to not develop because of ‘bad cultures’.<sup>8</sup> So in the early 20<sup>th</sup> century, Australians and

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<sup>7</sup> See *Kicking Away the Ladder*, ch. 3.

Americans would go to Japan and said the Japanese are lazy. People had even worse things about my ancestors. In the mid-19<sup>th</sup> century, the British would go to Germany and say that the Germans are stupid, too individualistic, too emotional, etc. – the exact opposite of the stereotypical image that they have of the Germans today.

We also hear about lack of human resources, especially the bureaucratic capabilities, in Africa as a critical constraint to implementing the interventionist policies that the rich countries used in the past. However, until the late 1960s and the early 1970s, a decade after the start of its economic miracle in 1961, South Korea was still sending its bureaucrats to Pakistan and the Philippines to get extra training.

If I had the time, I would go into further theoretical and empirical details on all these matters<sup>9</sup>, but the point is that it seems as if today's rich countries have never had any structural handicap only because they have developed successfully and acquired the technologies, the organizational skills, and the political institutions to deal with those problems. Thus seen, the 'structural handicap' arguments are actually confusing the cause and the symptoms – those handicaps are handicaps only because you are under-developed; it is not that they 'cause' under-development.

So to sum up, I have today shown how the historical experiences of the rich countries totally contradict the policy recommendations of today's mainstream economists and how they also raise

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<sup>8</sup> See *Bad Samaritans*, ch. 9.

<sup>9</sup> I have discussed some of these issues. On natural resource curse, see my "Initial conditions" chapter, cited in footnote 6 above, and the "state-owned enterprise reform" chapter, cited in footnote 4 above. On the issue of ethnic homogeneity in Europe, see H-J. Chang, 'Under-explored Treasure Troves of Development Lessons – Lessons from the Histories of Small Rich European Countries (SRECs)' in M. Kremer, P. van Lieshout & R. Went (eds.), *Doing Good or Doing Better – Development Policies in a Globalising World* (Amsterdam University Press, Amsterdam, 2009, forthcoming). On the issue of institutional quality and development, see *Kicking Away the Ladder*, ch. 3, and H-J. Chang, 'Understanding the Relationship between Institutions and Economic Development - Some Key Theoretical Issues' in H-J. Chang (ed.), *Institutional Change and Economic Development* (United Nations University Press, Tokyo, and Anthem Press, London, 2007). On culture and development, see *Bad Samaritans*, ch. 9. On the issue of bureaucratic human resources, see H-J. Chang, 'Institutional Foundations for Effective Design and Implementation of Selective Trade and Industrial Policies in the Least Developed Countries: Theory and Evidence' in C. Soludo, O. Ogbu and H-J. Chang (eds.), *The Politics of Trade and Industrial Policy in Africa: Forced Consensus* (Trenton, New Jersey and Asmara, Eritria, Africa World Press, 2004).

serious questions about the ‘structural’ explanations of the failures of neo-liberal policies in Africa. Of course, Africa today is developing in national and international contexts that are very different from what today’s rich countries faced in their own epochs of development, so we cannot apply lessons from, say, 1960s South Korea – not to speak of 18<sup>th</sup> century Britain – to today’s African countries. Moreover, Africa is very diverse, so we cannot have a uniform recommendation for all countries, especially from a set of experiences that are diverse themselves. Exactly what policy implications we draw from which historical cases will depend on the exact natural, economic, social, political, and cultural conditions that a country faces and on what their goals, preferences, and aspirations are. However, knowing the ‘real’ – as opposed to ‘official’ – history of today’s developed countries allows us to break off from the ideological shackle imposed by today’s dominant view that Africa’s economic problems are not due to the failures of neo-liberal policies but because of some structural problems that we cannot do anything about.