

Why did Botswana end up with Good Institutions: The Role of Culture and Colonial Rule.

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Abstract:

Botswana has achieved astonishing economic success and an impressive record of institutions that distinguishes it from many other African countries. This article examines the reasons for Botswana's strong institutional setup, which is considered fundamental to the country's economic success since independence. To do so, it will utilize the analytical framework provided by institutional economics.

The article argues that Botswana ended up with better institutions than most of its African counterparts for three reasons: a) Pre-colonial Tswana culture comprised a number of informal institutions which were useful for creating a modern state. Most strikingly, the chiefs' powers were restrained and the political elite pursued strong economic interests. b) "Light" colonial rule by the British largely left Tswana institutions in place. c) Tswana institutions were successfully merged with modern institutions many of which modelled on European examples.

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1. INTRODUCTION

Most economic scholars agree that Botswana is in many ways an exceptional African country. The former British protectorate has achieved astonishing economic success and an impressive record of well working institutions. Given the poor economic and institutional experience of other African countries, Botswana has been the subject of some scientific work to try to answer the question of why Botswana prospered and why it developed such good institutions. Most institutional economists agree that these two questions have a causal link. Botswana's strong economic performance is seen as a consequence of its effective institutional structure.

To answer the question of why Botswana ended up with such strong institutions, this article will examine the role of pre-colonial cultural norms and the influence of colonial institutions on modern day Botswana's institutional setting. In most other African countries pre-colonial institutions clashed with colonial ones and resulted in a state² that lacked legitimacy and suffered from a rent-seeking political class. In Botswana's case the institutional transformation was a success. This article tries to analyze which factors contributed to this success.

The article is part of a broader research on the causal relation between institutional development during the colonial era and institutional quality of modern states. The article's findings will contribute to the development of the hypothesis that the variations among the extent to which colonial institutions clashed with pre-existing ones largely account for disparities in institutional quality and economic performance in the modern developing countries.

The article will use the analytical framework of institutional economics. Some aspects of political institutions will be explained using Max Weber's sociological theory of legitimate authority (Weber 1992, p. 122-134). Within the framework of institutional economics, the distinction between informal and formal institutions (Williamson 2000, North 2005 p. 50) and how these two can clash (Englebert 2000) will be useful in this study. Accordingly, norms originating from traditional or cultural heritage will be regarded as informal institutions. The significance of culture puts this paper in line with the work of David Landes and the scholars around Lawrence Harrison (Landes 1998; Harrison and Huntington 2000; Harrison and Berger 2006). The article's focus on the role of colonialism in development trajectories of state institutions is based on recent research (Robinson 2009, Kohli 2004, Lange 2004, Acemoglu et al. 2001, and Englebert 2000). More generally, a rich body of research has shown that institutions have a decisive role in economic growth (e.g. Rodrik et al. 2002, Easterly and Levine 2002, Acemoglu et al. 2001, Knack and Keefer 1997, and North 1990).

Economic research on Botswana has focused among others on the role of institutions of property rights (Acemoglu et al. 2001b), its political institutions (Parsons and Robinson 2004), the role of culture and democracy (Lewis 2006), or on how mineral-

² In this study, the state refers to more than just government or tribal polities. The term is meant to include territory, administration, army, government, law and judicial system, cultural and historical national myths and images of power (see also Englebert 2000, p. 10). Institutionally speaking, the term state represents the institutions of governance in the sense of Williamson 2000 (Williamson 2000, p. 599).

rich Botswana avoided the resource curse³ (Martin 2008). Some have examined Botswana's political institutions inherited from the Tswana tribes (in particular Robinson 2009 and Acemoglu et al. 2001b). The question of how pre-colonial Tswana institutions were successfully integrated into the formal institutional setting of modern Botswana has been touched upon by Englebert (Englebert 2000 p. 13-14), but the institutional analysis of Botswana's successful institutional syncretism is still missing. This article attempts to fill that gap.

The article is structured as follows. Section two provides a brief overview of Botswana's economic and institutional record after independence. Section three examines the pre-colonial cultural norms. Section four looks at what happened to these institutions under British rule. Section five analyzes the institutional transformation that took place shortly before and in the years after independence. In particular, it will examine some examples of how pre-colonial cultural norms were integrated in Botswana's post-independence institutional framework. The final section summarizes and concludes.

2. THE RECORD

The territory of modern day Botswana lies landlocked in Southern Africa. Roughly the size of France, it borders to the west and northwest Namibia, to the north Zambia, to the northeast Zimbabwe, and to the east and south South Africa. The land is mostly arid. Only 4% of it can be cultivated. The dominant ethnic group, the Tswana, migrated into the territory in the 18th century and were predominately cattle traders (Acemoglu et al. 2001b, p. 9). In 1885, Botswana became a British protectorate named the Bechuanaland Protectorate. Until independence in 1966, the Empire restrained its involvement and purely administered the Protectorate by using indirect rule that did not exert too much political influence. Pre-colonial tribal power structures remained mainly untouched (Robinson 2009, p. 1). The share of European settlers in the population stayed about 1% (Lewis 2006, p. 7). British investments in the country's infrastructure and human capital were similarly marginal. When the British left, Botswana had 12 kilometres of paved road, 22 Botswana had graduated from university (in South Africa) and 100 from secondary school (Acemoglu et al. 2001b, p. 1).

Today, Botswana is one of the world's most interesting economic development success stories. When made independent in 1966, it was one of Africa's poorest countries with a gross domestic product (GDP) per capita of about US\$70. Since then, its economic performance has surpassed that of other economies on the African continent and has also outperformed other low income countries and the world average. For the period from 1966 to 1996 Botswana's average real growth per capita

³ The term resource curse generally describes the negative effect of resource abundance on economic growth. A resource led boom can lead to appreciation of the real exchange rate of the currency which in turn reduces the international competitiveness of other sectors. Moreover, capital and labour are drawn away from non-boom sectors. This effect is also known as the "Dutch Disease" (after the decline of the Netherlands' manufacturing sector after the discovery of a large natural gas field in 1959). Politically, the resource curse entails increased corruption, clientelism and rent seeking in the political elites, who usually remain in power through inefficient income distribution rather than through democratic bargaining. In some African countries, perceived corruption and unequal income distribution has led to rebellion and civil war (Martin, 2008, p. 36-39).

reached 8.2% making it the fastest growing country in the world for these three decades (Leith 2000). Table 1 gives a first quick impression using familiar comparative figures about Botswana's and other countries' socio-economic performance.

	GDP per capita 2005 (at PPP \$)	GDP growth average (% 1965-2005)	GDP per capita growth average (% 1965-2005)	Urban population 2005 (% of total)	Employment in agriculture 2005 (% of total employment)	Life expectancy at birth 2007
World	8,771.21	3.50	1.78	48.67	32**	69.00
Sub Sahara Africa	1,706.98	3.19	0.41	35.00	68***	52.00
Low Income Countries	1,092.94	3.77***	1.28	27.47	68***	59.00
Republic of South Africa	8,503.65	2.96	0.77	59.30	7.50	51.00
Botswana	12,067.14	10.01	6.98	57.30	29.90	53.00

Table 1: Botswana Economic Performance in Comparison to Other Economies

Sources: WDI-World Bank Indicators 2009, * Data from 1985-2005, **WDI-World Bank Indicators 1996, ***Acemoglu et al. 2001b (data for 1990)

It is important to mention that mineral wealth has supported Botswana's success. Rich deposits in diamonds were discovered shortly after independence and the mineral sector has played an important economic role ever since.

Botswana's leaders have followed orthodox economic policies. There have been low inflation, no unsustainable fiscal deficits, a stable currency and secure property rights. Difficult political and economic challenges have been tackled in a pragmatic manner (Leith 2000).

Botswana's management of its mineral wealth is just one good example out of many. Its economic exploitation of diamonds has not ended in a resource curse as with many other resource-rich, but low-income countries. This is an extraordinary achievement. Botswana has applied some useful policies to prevent its resource boom from turning into a disaster. Strong foreign exchange reserves have been built and used to absorb demand shocks and stabilize real exchange rates (Leith 2000, p. 5-6). Macroeconomic stability has been ensured by a soundly operating central bank, which was established in 1976 (Leith 2000, p. 11- 16). The use of National Development Plans (NDP) has determined domestic spending. Planned investment has ensured legislative control over public expenditure (Martin, 2008, p. 43). Also, Botswana has become an influential partner of De Beers in the diamond industry. De Beers uses its quasi-monopoly on diamonds to stabilize world market prices which has had a welcomingly stabilizing effect on government revenues (Martin, 2009, p.43). These policies have prevented sharp appreciation of the real exchange rate and have kept negative effects

on labour and capital low. Moreover, policies aiming to diversify the economy (i.e. cattle to minerals and finally to manufacturing) have curbed the mineral sector's share at a level of around 40% of the GDP (UNDP 2005, p. 15-17).

Although exceptional, Botswana's economy is not without challenges: Unemployment and economic inequality are structurally high, particularly in rural areas. Total factor productivity (TFP) slumped in the 1990s (Leith 2000, p.7-8). The HIV/AIDS epidemic is also another challenge. Botswana (like most of its neighbours) suffers from the highest infection rates in the world⁴. Most likely, traditional sexual behaviour patterns have spread the disease in spite of the government's early and well-structured response efforts (Lewis 2006, p. 17-18).

Botswana's example shows that orthodox economic policies can indeed be successful in a developing country. Why is this not possible in other countries? In Botswana's case, institutional economists argue that its institutional setting ensure that its leaders follow responsible policies (e.g. in managing its mineral wealth) (Acemoglu et al. 2001b; Martin 2008, p. 43-44). In fact, the country enjoys one of the best-working set of institutions on the African continent. Botswana's mature democracy has seen peaceful transitions of governments after free and fair elections. Its property rights are secured by an efficient law system that also provides for transparency and keeps corruption relatively low (World Bank 2009).

A brief institutional comparison with other countries gives a picture of Botswana's institutional ranking. I use the average of all six World Bank Governance Matters indicators for each country which I call INSTGOV⁵ (theoretically ranging from -2.50 to +2.50). Botswana has a value of 0.72 and ranks 53rd among the worldwide sample (213 countries). Its institutions equal countries such as Italy or Taiwan, which is ahead of its neighbour South Africa (ranking 74th) and clearly so of emerging economies such as Brazil, India or Mexico (see Figure 1).

Among African nations, Botswana's overall institutional quality (again measured by INSTGOV) puts it on grade 3 behind Reunion and Mauritius. Neighbouring South Africa reaches rank 6 (Kaufmann et al. 2009).

⁴ Recently, the infection rate has dropped marginally from 26.5% (2001) to 23.9% (2007) (UNAIDS/WHO Working Group on Global HIV/AIDS and STI Surveillance, 2008). A joint study mandated by the Botswana government and the United Nations Development Programme (UNDP) estimated an induced annual loss of GDP growth between 1.2% and 2.1% over the 2001-2021 period (ECONSULT 2007, p. 2-3).

⁵ The six indicators used by the World Bank are: Voice and Accountability, Political Stability, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption. Each indicator ranges from -2.50 to +2.50 (best quality) and is based on empirically collected data sources (Kaufmann et al. 2009). The six indicators are interrelated. It is hardly possible that a country shows excellent institutional quality in „Rule of Law“, but has weak institutions in e.g. „Control of Corruption“. This justifies using of the average value of all six indicators (INSTGOV) to give a brief overview on general institutional quality.

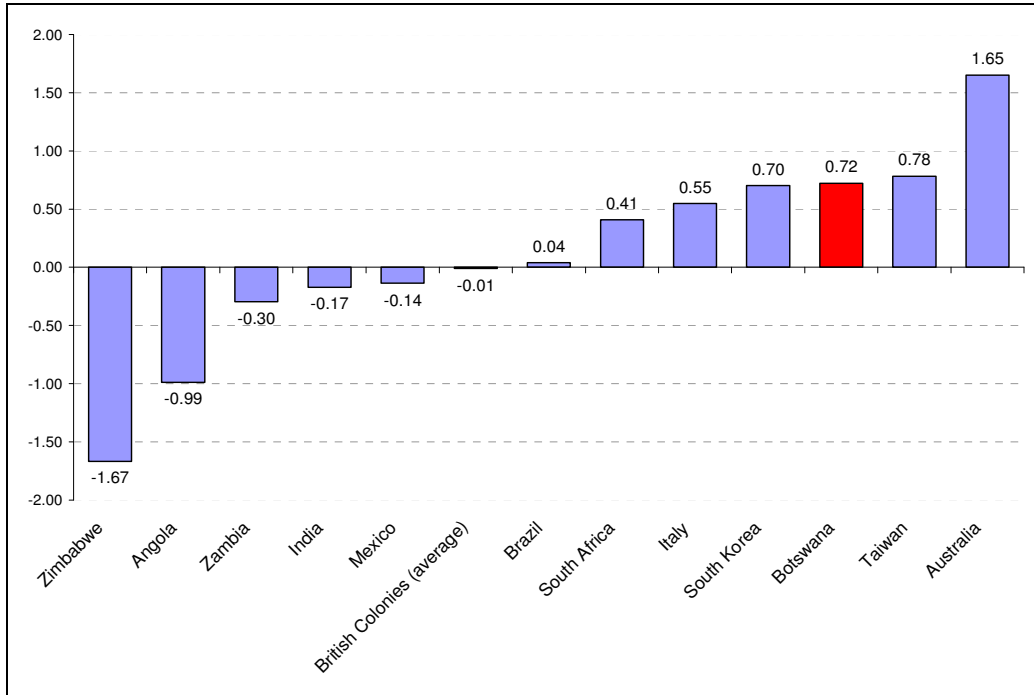


Figure 1: Botswana's institutional ranking (INSTGOV) against selected countries worldwide.
Source: Kaufmann et al. 2009

I use a smaller sample of 37 former British colonies to demonstrate how Botswana's institutional record is linked with its economic performance⁶. Figure 2 shows this relationship. GDP Log2005 stands for income per capita in 2005 (in PPP). INSTGOV represents the average of all six Governance Matters indicators in a former British colony. Botswana (BWA) ranks 10th among its former colonial peers. Its position is close to the predicted relationship (blue line) indicating that its economic success largely reflects good institutions.

⁶The 37 former colonies are selected under the following criteria:

- over 300,000 inhabitants in 1995
- minimum of 50 years colonial rule
- independence before 1980 and
- colonial rule starts before 1900.

The list includes the modern states of Australia, Bahamas, Bangladesh, Barbados, Belize, Botswana, Burma (Myanmar), Canada, Egypt, Fiji, Gambia, Ghana, Guyana, Hong Kong, India, Jamaica, Kenya, Lesotho, Malawi, Malaysia, Mauritius, New Zealand, Nigeria, Pakistan, Papua New Guinea, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Swaziland, Trinidad and Tobago, Uganda, USA, Zambia, Zimbabwe.

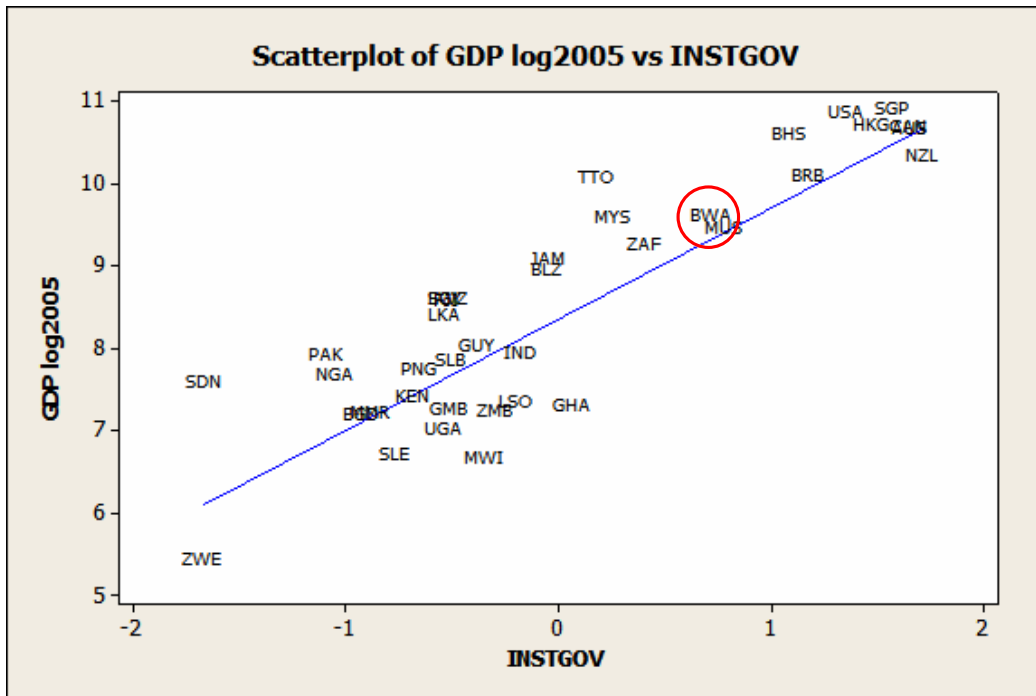


Figure 2: OLS Regression Institutional Quality vs. Income N=37– Scatterplot
 Source: Kaufmann et al. 2009, WDI World Bank Indicator 2005 (GDP values), CIA The World Factbook 2010 (GDP values for Burma and The Bahamas), own

Why does Botswana have stronger institutions than most other countries in Africa and than most former British colonies? This article argues that Botswana's economic success is based on the fact that Tswana cultural norms (in fact informal institutions) were gradually adapted under British rule and then successfully integrated in the modern state of Botswana. The paper will focus on specific institutional areas which are important to explain Botswana's economic success. The following three clusters of institutions will be the object of analysis:

- a. Political institutions: In particular the constraints on the ruler, the legitimacy of rule and the legal system.
- b. Institutions which secure property rights: In particular contractual enforcement and the distinction between communal and private ownership.
- c. Institutions of social and economic life: In particular urbanisation, management of working time, religion, education and markets.

The next sections follow Botswana's three historical stages chronologically. The following section examines Botswana's institutional setup in pre-colonial times. Section four analyses the colonial period and section five examines how local institutions merged with independent Botswana's institutions. Each section starts with a brief historical overview continued with the analysis of the three institutional clusters. Relevant institutional research on these three clusters will act as an analytical frame and will be introduced within the sections.

3. INSTITUTIONS IN THE PRE-COLONIAL PERIOD

In the 18th century, the Tswanas migrated into the area of modern day Botswana from the south east. They presumably left modern South Africa, where the Tswana today still form a major ethnic group. By 1800, several related Tswana tribes (tribal polities) had been established. Their chiefs (kings, leaders) and their entourage (relatives, officials, and clients) formed the political elite. Over a period, tribes sometimes split up or major groups broke away to form new tribes.⁷ However, Tswana tribes remained closely connected. They developed common cultural institutions and a common language, Setswana. Subjected non-Tswana tribes were structurally integrated and largely absorbed into Tswana culture (Acemoglu et al. 2001b, p. 9). Contact with Europeans dates back to the early 19th century. Ivory and ostrich feathers were traded with Europeans as early as 1805. The tribes saw trade as a source of income and a way to acquire important goods such as guns. Missionaries were also welcomed. The first missions were founded in 1817 (Acemoglu et al. 2001b, p. 11-12 and Parsons and Robinson 2004, p. 11).

The Tswana tribes followed cultural norms to organize their social, political, and economic life. As in other traditional societies, cultural norms and other institutions were internalized through education by parents or through sanctions by the tribe (Schapera 1955, p. 36).

From an institutional point of view, cultural norms equal informal institutions. Informal institutions have at least two distinct features about them which are important for the aim of this article.

- a. Informal institutions rank highest within the institutional hierarchy, because they impose constraints on formal institutions. In other words, human behaviour (including economic activities) tends to be organized by informal institutions before formal institutions are taken into account.
- b. Informal institutions tend to persist through change be it a matter of centuries or generations. The importance of informal institutions on long-term economic performance should not be underestimated (North 2005 p. 51 and North 1991, p. 111). Although informal institutions are important for economic growth, their mechanisms (how and why they impact social and economic behaviour) are not yet fully understood. (Williamson 2000, p. 596-598).

We can assume that all aspects of pre-colonial Tswana daily life were ruled by informal institutions. This section will examine the most important in regards to economic performance.

⁷ Today, there are eight main Tswana tribes in modern Botswana: Batawana, Bangwaketse, Bakwena, Balete (Bamalete), Bakgalata, Barolong and Batlokwa. The syllable “Ba-” means more than one person and can be dropped.

3.1. Political Institutions - Constraints on Rule, Legitimacy of Rule and Legal System

Tswana tribes like many others in Sub-Saharan African were ruled by the traditional authority of their chiefs, who enjoyed paramount legal, judicial and executive powers. Tswana political institutions unlike other African tribes however constrained the powers of the chiefs.⁸ Moreover, Tswana institutions encouraged the political elite to engage in economic activity and promoted able and pragmatic leadership.

3.1.1. Constrains on rule

Two important institutions shaped a chief's powers to rule.

- The chief had to work with the advice of a traditional assembly (kgotla) over which he presided. Although the chief's decision was final, he had to follow a consultation process and consensus seeking.
- He had to pursue economic interests to be able to maintain political support from an economically powerful elite.

The chief presided at the kgotla, an assembly (place)⁹ of adult males which served as a judicial chamber, administrative body or as an advisory body to the chief. His subordinates had the right to use the kgotla to express disapproval. The chief generally consulted the stakeholders involved before making any decision on matters of any importance. He would then try to seek consensus when possible, although he did not necessarily have to abide to this consensus (Acemoglu et al. 2001b, p. 10 and Lewis, 2006, p. 7). The colonial British anthropologist, Isaac Schapera, describes how the chief's powers were kept in check by the kgotla.

"...all matters of tribal policy are dealt with finally before a general assembly of the adult males in the chief's kgotla (council place). Such meetings are very frequently held ... [Among] the topics discussed ... are tribal disputes, quarrels between the chief and his relatives, the imposition of new levies, the undertaking of new public works, the promulgation of new decrees by the chief ... [It] is not unknown for the tribal assembly to overrule the wishes of the chief. Since anyone may speak, these meetings enable him to ascertain the feelings of the people generally, and provide the latter with an opportunity of stating their grievances. If the occasion calls for it, he and his advisers may be taken severely to task, for the people are seldom afraid to speak openly and frankly." (Schapera 1940, p. 72 in Robinson 2009, p. 8).

The kgotla was a framework for commoners to give an opinion, but the tradition of consulting and consensus seeking went deeper. It was central to Tswana rule, decision making and the chief's expression of his responsibility to serve his people (Lewis 2006 p. 7-8). This is well conveyed by the Tswana proverb: "*Kgosi ke Kgosi ka batho*" or: "A chief is a chief by the grace of his tribe." (Schapera 1955, p. 84).

⁸ Most other Sub-Saharan African polities such as those of the Nyiginya in modern-day Rwanda developed different political institutions with a more powerful ruling and warrior class (Robinson 2009, p. 9).

⁹ The term kgotla stands for the meeting place as well as the assembly itself.

Political and economic powers were closely related and both were predominately in the hands of the chief and his entourage. Therefore, economic resources (in particular cattle) were necessary to win and maintain political support. Herds were allocated to subordinates in exchange for political support for the chief and those close to him (Acemoglu et al. 2001b, p. 10). The chief himself was likely to be a wealthy man. In fact, the word “kgosi” means “chief” as well as “wealthy man”¹⁰ (Schicho 1999 p. 122). Tswana tribes have a remarkable history of being ruled by able and pragmatic leaders, which dates back to the 19th century. It is reasonable to assume that strong leadership has been the result of institutional constraints on the political elite (Robinson 2009, p. 4).

3.1.2. Legitimacy

The chief’s authority was based on the traditional norms of paternal succession and religious beliefs. The fundamental role of succession that was related to religious rites for the authority of a Tswana chief is well documented (Schapera 1955, p. 59-60). His legitimacy as a leader was also based on the respect he typically enjoyed among his subordinates (Schapera 1955, p. 85).

The analysis of these features of traditional authority can be traced back to the sociologist Max Weber. According to Weber, traditional authority is one out of three legitimate forms of domination; i.e. the subjects’ interest to obey is not based purely on materialistic and rational calculations. Subjects believe in the legitimacy of being obedient. In the case of traditional authority, this belief is based on the rites and the sanctity of traditional norms (Weber 1992 p. 122-130). Hence, a chief had a natural interest to preserve the traditional norms that granted his powers and, if possible expand them by even using a newly introduced religion – Christianity no less – in his favour.

The Christian faith was first introduced to the Tswana in the early 19th century. British missionaries had followed swiftly behind the first European traders. The influential London Missionary Society (LMS) founded its first mission on Tswana territory in 1817. After that, Christianity co-existed with traditional beliefs rather than replaced them. Tswana chiefs embraced this new religion. Chief Khama III converted to Christianity in 1860 (Acemoglu et al. 2001b, p. 12) and Chief Lentswe followed in 1892 (Schapera 1933, p. 407).

It is probably safe to assume that the Tswana chiefs’ interest in Christianity was political. If religious norms were the base of the legitimisation of their powers, it is plausible that pragmatic Tswana chiefs wanted to add Christianity to their legitimisation. They also used their good contacts with the missionaries to facilitate negotiations with European officials (Acemoglu et al. 2001b, p. 12).

The chief’s right to rule was ascribed to his person as much as to his title. His rule was organized by personal and economic relations between him and his officials. Five such levels of political authority ranged from the chief, who governed the tribe, via lesser chiefs in charge of towns, headmen of both villages and hamlets to the heads of

¹⁰ By 1875, at the start of his rule, chief Khama III held some 8,000 cattle. By 1920, his son and successor had increased this number to 50,000 (Good 1999, p. 187 and Schicho 1999, p. 122).

single families (Parsons and Robinson 2004 p. 17). Each administrative level had its own kgotlas which functioned as the political and administrative forum (Schapera 1939 p. 8). Subjected tribes were integrated into the Tswana tribal structures, but left to rule their own wards with their own kgotlas. Subjected tribes paid tribute (either in kind or in service) to Tswana leaders. Despite their rather peaceful integration, they remained economically and politically underprivileged¹¹ (Robinson, 2009, p. 1 and Acemoglu et al. 2001b, p. 11).

Political scholars call early Tswana ruling strategy “personal rule” or “patrimonialism.”¹² This basically means that political support rests on clientelism and patronage. For this study’s aim, it is important that ruling by patrimonialism is incompatible with formal institutions used by bureaucracy. Scholars therefore believe that patrimonialism has to make way for a well working institutional framework (i.e. good governance), if a country aims to modernize and achieve long-term economic growth (Parsons and Robinson 2004 p. 2-4 and Robinson 2009 p. 5-6).

Patrimonialism among the Tswana tribes was not without limits. In rare cases, Tswana traditional norms allowed any chief’s rule to be publicly challenged, if it was seen as unfit. Such situations typically ended in the splitting of the tribe or the chief’s tragic death. But these were rare occasions. Generally, Tswana politics between the chief and his tribe was characterized by a stable and harmonious cooperation which was based on several limitations of the chief’s powers (Schapera 1955, p. 84-85).

3.1.3. Legal and judiciary system

The Tswana tribes’ judiciary and legal affairs lay in the hands of their chiefs. Within a tribe, a chief settled disputes and dispensed justice. Lower chiefs had similar though limited powers. The kgotla was traditionally the place where trials were held (Schapera 1955, p. 271).

Legal norms had a religious (magical) foundation. Existing legal norms were further developed by a chief’s legislation and jurisdiction through oral case law (Schapera 1955, p. 40). In Tswana tradition, no chief was above the law. In theory, there was no distinction between chief and commoner before the law. In practice however, offences by the chief and those close to him were treated more lightly (Schapera 1955, p. 51-51).

3.2. Property Rights: Cattle and Land

The pre-colonial Tswana had elaborated rules on institutions of property rights. The concepts of communal property and private ownership co-existed. The form of ownership depended on the value of the asset. The enforcement of communal and private property rights lay in the hands of the chief.

¹¹ We know from the well documented example of non-Tswana tribes (e.g. the San and the Basarwa) in the 19th and early 20th century that many of them were serfs. Servile labour and economic inequality were entrenched in the Tswana system of domination. Members of subjected tribes fulfilled pastoral duties and other chores. This allowed the Tswana to focus on more profitable activities such as trade, herd management or politics (Good 1999, p. 189 and 191).

¹² The concept of patrimonialism can again be traced back to Max Weber (Weber 1992 p. 133)

Unused land was an abundant resource for the Tswana. Its ownership was considered communal. The chief or his officials could allocate areas of unused land to tribesmen for cultivation, settlement or grazing (Schapera 1955, p. 195-198). A chief could use this right to distribute new lands to his tribesmen in return for services and political support. The chiefs and their entourage benefited from their powers over land distribution and themselves became large owners of land (Good 1999, p. 187-188).

Private property existed only for cultivated or settled land, crops, personal belongings and livestock. Cattle were the most valuable asset the Tswana had. The cattle were used as a source of milk, skin, meat or as a trading currency for all sorts of services such as house repair. As with land, the chief allocated stray or looted cattle among the tribe in exchange for political loyalty or special services (called “kgamelo”). The Tswana also used private property rights for goats, sheep and crops, all of which ranked lower in value than cattle (Schapera 1955, p. 214-217).

The institutional theory of property rights explains the various forms of ownership in pre-colonial Tswana societies. We can expect no private ownership, if a resource such as land is abundant and externalities among competing users are negligible. Institutional thinking predicts that communal use of land shift in favour of private property, once land either becomes scarce or gains value (Platteau 2000, p 83). However, access to this resource does not take place in a political vacuum. In the case of many pre-colonial African societies, membership in a tribe granted general access to land and excluded foreigners. A chief guaranteed this access and acted as a mediator (Platteau 2000, p. 75-77). Even more importantly for the Tswana, the low fertility of the land and unpredictable rainfall in Bechuanaland required herds to be moved over vast territories to avoid any drought. Such mobility generally rules against assigned property rights to specific plots and promotes communal ownership (Platteau 2000, p. 87-89).

3.3. Pre-colonial Institutions of Social and Economic Life

The pre-colonial Tswana lived in a traditional society based on a pastoralist and agricultural economy. They followed a cyclical perception of time and had a preference for settling in relatively large capitals.

Unlike other African tribes of their time, the Tswana, although dispersed over vast territories, preferred to settle in major towns and capitals, which marked the economic and political centres of each tribe. In the 19th century, Tswana towns were among the largest settlements in Southern Africa. By 1866, the capital of the Ngwato (called Shoshong¹³) counted 30,000 inhabitants (Palmer and Parsons 1977, p. 115-116). Other Tswana towns (such as Serowe and Kanye) were counted as major towns in their time (Parsons and Robinson 2004, p. 17-18)

Tswana towns and capitals followed the same elaborate political, demographic and geographic lay out. The central kgotla and the chief’s or headman’s cattle kraal (enclosure) made the centre of each settlement. Major villages and towns consisted of an agglomeration of smaller villages, each with their kgotlas and with the headman’s cattle kraal at their centres. The towns were usually surrounded concentrically by

¹³ Shoshong was capital of the Ngwato until 1890. The capital was later moved to Serowe.

agricultural land and then by herding areas. Non-Tswana tribes settled in villages under their own leaders. These villages were geographically integrated in major Tswana towns (Schapera 1955, p. 10).

Economic theory regards urbanisation and high population density as crucial factors for early institutional development. They promote market expansion and facilitate the enforcement of property rights. Furthermore, the provision of essential public services such as justice, education or tax collection is relatively inexpensive in comparison to more widely distributed population patterns (Platteau 2000, p. XIX).

Apart from these urban settlements, we can assume that a major part of pre-colonial Tswana lived in smaller settlements and villages averaging a few hundred inhabitants. As traditional agricultural labourers and pastoralists, the everyday duties caring for crops and herds structured not only their daily working time (e.g. at a specific time the cattle had to be watered each day) but also their annual (e.g. harvesting season, cattle-breed season etc) (Schapera 1955, p. 10 and p. 12-13 and p. 214 and p. 224-229 for mainly the colonial description of the Tswana).

Measuring time cyclically (e.g. daily, annually) based on the repetition of work duties is typical of traditional societies. It can still be found today in some African pastoralists such as cattle-herding societies in northern Tanzania (Obrecht 2009). Similarly, time can be measured in periods of time necessary for cooking rice (around half an hour) or frying a grasshopper (a few seconds) depending on each society's main activities (Holloway and Thompson 2007, p. 22). With regard to long-term economic growth, two features perception stand out about cyclical time:

- a. Living with a cyclical perception of time means time itself is not used economically. It is not regarded as a resource that can be traded. Once the level of subsistence is reached, it is usually not expanded (Pirker 1997 p. 4).
- b. From a more institutional perspective, the perception of time (cyclical or linear) has a direct impact on the synchronization of working hours and working discipline. If time is not measured in standardized units (e.g. hours), transaction costs for labour markets remain high. In this sense, time perception functions as an informal institution. It sets the rules and transaction costs for labour markets (Pirker 1997 p. 5-7).

Pre-colonial Tswana trade was typical of a subsistence based economy. Typically, surplus goods were traded in the markets. We do not know of any enterprise-orientated production for the markets. Market exchange was governed by personal relations among men. Trade was done either within one Tswana tribe or with members of another Tswana tribe. Inter-tribal trade usually needed the presentation of the trader before the chief of the receiving tribe before goods could be exchanged. The chief was entitled to be paid a small commission.

There was no cash or other single trading unit. Anything of value could be used as payment. Relative prices had to be known by the market participants which increased transaction costs.

Exchange was preferably done on the spot. Any contract that was of a slightly higher complexity or value (e.g. purchase on time or on credit, purchase of cattle or livestock) needed witnesses, who could speak out at the kgotla in case of any contract breaches. Contracts of higher values would sometimes take place before the kgotla in session. We can assume that impersonal trade was unknown to the pre-colonial Tswana tribes (Schapera 1955 p. 241-243).

Institutional theory explains that personal relations and repeated transactions between trading partners reduce the incentives to renege (North 1992 p. 66-67). If the goods are exchanged immediately, minimum informal institutions of contract enforcement are a good way to enable trade at lowest transaction costs. More complex trade (future exchange, trade with foreigners) need stronger institutions. This explains the use of witnesses or the need for members of other tribes to present themselves and their goods before the chief. Even in societies with highly developed legal institutions, traders value personal relations because contract enforcement before court is more expensive (Edwards, Ogilvie 2008 p. 6).

Beside exchange of goods through markets, the Tswana also used an institution of non-market allocation (called “mafisa”) whereby a cattle owner could allocate some or all of his herds to a third person. The owner would keep the rights of ownership, profits and offspring while reducing management costs and the risk of disease. The recipient could use the cattle for ploughing and the production of milk and would be entitled to some of the calves. This enabled non-cattle owners to begin their own herds. A chief himself an important owner of herds could use a similar arrangement (“kgamelo”) to bind commoners politically (Schapera 1955, p. 246-250).

3.4. Pre-colonial Tswana Institutions – A Short Summary

For the aim of this study, some features of the Tswana institutional environment should be stressed:

Well-defined property rights were secured by the institutional powers of the chiefs, who were not only economically active, but also respected as legitimate rulers by their people. Enforcement of property rights was in the chiefs’ own interests and enforcement costs were low for exchange on personal relations. While markets and trade remained personal and relatively underdeveloped, population density (i.e. the tendency to settle in large capitals) strengthened the powers of the chiefs and their administration. With so many factors in favour of strong patrimonial rulers, it was a unique feature that their powers were constrained by strong informal institutions such as the tradition of consensus seeking at the kgotla and the need to be economically prosperous. Strong inter- and intra-tribal homogeneity meant Tswana institutions were widely respected even by subjected tribes who had been culturally assimilated.

4. INSTITUTIONS IN THE COLONIAL PERIOD

4.1. How the Bechuanaland Protectorate was created

Between 1818 and the 1830s, the military expansion of the Zulu caused widespread migration. Military conflicts became inevitable. The Tswana tribes united and

eventually defended their lands against settlers from other tribes. Soon after the 1830s, clashes with Boers, who were moving north, threatened the Tswana (the Boer “Great Trek” took place in 1835). Scholars point out that this period of cooperation against the common enemy is likely to have founded a unified Tswana identity and an early feeling of nationhood. Unlike other tribes in the region, the Tswana had developed a strong diplomatic tradition to settle conflicts.¹⁴ If military defence was necessary, the various Tswana tribes tended to unite in face of the common enemy (Martin, 2008, p. 41).

As early as 1853, Sechele, the chief of the Bakwena, travelled to Cape Town to persuade the British to offer protection from the Boers. The British ignored his and similar wishes from other chiefs until the Germans annexed South West Africa (today’s Namibia). This started the scramble for Africa in 1884. Unexpectedly, the Tswana occupied an important strategic position blocking the Germans from South West Africa on one side and the Boer states on the other. In 1885, most of the territory which is today’s Botswana became the Bechuanaland Protectorate¹⁵ with its later capital, Mafeking¹⁶, actually lying outside the Protectorate (Acemoglu et al. 2001b, p. 11-12).

Different from many other acts of colonization in world history, this arrangement seemed to have been at least partly in the interest of the subjected population. The agreement with the British recognized the authority of the Tswana chiefs within their lands and granted protection against not only the Boers but also other African tribes. The British were able to protect the strategic route into Southern Rhodesia (then known as Southern Zambezia) at relatively low costs. A railway was built in 1896 for a better connection with the Cape Colony (Martin 2008, p. 41 and Ijagbemi 2006, p. 115). Settlers did not flock into the Protectorate. Their share of the population stayed below 1%. Compared with other colonies, land conflicts between settlers and Tswana were rare. The territory was divided into eight largely self-administering tribal reserves, five relatively small white settler farm blocks and the remainder was crown lands (Lewis 2006, p. 7 and Parsons and Robinson 2004, p. 12-13).

Tswana hegemony thrived in the Protectorate. Tswana tribes continued to incorporate other non-Tswana tribes and disseminated their language and other Tswana institutions throughout the Protectorate (Martin, 2008, p. 41). Incorporation of other tribes went to the extent that ethnic Tswana became a minority within their own tribes. The 1936 census of two Tswana tribes delivered astonishing figures. Of 101,481 Ngwato tribesmen only 20,742 were of Ngwato origin. The rest counted as other tribesmen who had been incorporated. There were similar figures from the Tawana: only 7,072 tribesmen of Tawana origin in a tribe of 42,158 people (Schapera 1955, p. 5).

¹⁴ A Tswana proverb holds that “the big battle should be fought with words” (Lewis, 2006, p. 9).

¹⁵ In 1885, Britain also declared the creation of a crown colony in British Bechuanaland, which was a much smaller size (around 50,000 square miles). It lay south of the Molope River with Mafeking as its most important settlement. In 1895, British Bechuanaland was incorporated into the Cape Colony and the territory is today part of South Africa.

¹⁶ Mafeking served as capital for the Protectorate from 1894 to independence.

4.2. British Rule

Most scholars' classification of the British colonialism in Bechuanaland varies between "light rule" (Acemoglu et al. 2001, p. 13) and "benign neglect" (Beaulier 2003, p. 229). The British themselves were frank about their interest in the Protectorate being limited. In 1885, the High Commissioner defined British rule as follows: "*We have no interest in the country to the north of the Molope [Bechuanaland], except as a road to the interior; we might therefore confine ourselves for the present to preventing that part of the Protectorate being occupied either by filibusters or foreign powers doing as little in the way of administration or settlement as possible.*" (quoted in Acemoglu et al. 2001b, p. 13)

British rule of the Protectorate was indirect. The following characteristics of British rule are worth noting,

- a. Colonial administration remained miniscule and had little interaction with the colonial indigenous population. The administration's radius of direct influence was limited to the colonial capital outside the Protectorate and non-Tswana population in the Protectorate (Lange 2009, p. 9).
- b. Chiefs kept their institutional powers over their people including judicial, legislative and executive functions. The ordinary tribesmen were governed by their chiefs, subchiefs or the headmen in the area. Colonial district commissioners worked solely with the chiefs, who benefited personally from their position as intermediaries between the colonial world and the local population. Their position allowed them to be rent-seekers when exchanges between the colonial administration and the local population occurred (Lewis 2006, p. 7 and Lange 2004, p. 907).
- c. Whereas Tswana population largely kept their institutional setting, the Europeans (and the very small Asian and mixed-race communities) had direct contact with the colonial authorities (Lewis 2006, p. 7). It is safe to assume that this minority followed British colonial institutions. For the frame of this study the institutional development of the European and Asian minority will be not be taken into account.
- d. The British showed no interest in the resources from Bechuanaland, nor did they invest in much infrastructure. 75% of British spending on the Protectorate was on "administrative expenses" and another large portion was spent on upgrading tribal militants. The British armed the tribes against the Germans to the west and the Boers to the south, beyond this defence spending however, the British did not engage in any kind of nation-building in Bechuanaland (Scott 2003, p. 229-231).

Despite the generally light colonial rule, Tswana chiefs had to defend their rights and titles against the British. Most importantly, they sought to prevent Bechuanaland's integration with the Union of South Africa.¹⁷ Ever since the creation of the

¹⁷ On smaller squabbles and contest for power between the British and the chiefs see Ijagbemi 2006, p. 108-126

Protectorate, the British intended to merge Bechuanaland into the surrounding British possessions; a plan which was also pursued by Cecil Rhodes and South Africa (i.e. the Cape Colony, later Union of South Africa). South Africa's influence was strongly felt in the Protectorate. The administration of the Protectorate was under the direct control of the British High Commissioner in Pretoria who appointed the Resident Commissioner for the Bechuanaland Protectorate (Rey et al. 1988, p. XVIII). Despite political pressure from Pretoria, plans for merging the Protectorate with South Africa never materialized.

Until 1934 the British hardly attempted to establish the direct authority of the Tswana chiefs (Acemoglu et al. 2001b, p. 14). The presence of British staff in the Protectorate remained low. In 1915, the British administration counted 277 members of staff, of which 90% were police guarding the border. In the mid-1930s, only 22 non-police administrators were permanently stationed within the Protectorate (Lange 2009, p. 9). Among the few occasions, when the British intervened directly in tribal affairs, two examples stand out. The Kwena and the Tawana were the two tribes in which the British had enforced the replacement of clever but dissident chiefs (1906 and 1931). Subsequent chiefs were dependent on the British rather than on popular legitimacy. Consequently, they tended more than other Tswana leaders to promote their own interests rather than develop tribal well-being. The Kwena and the Tawana remained the least democratic and the least guided by legal-rational ideas during the 20th century. The Tswana tribes on South African territory underwent a similar fate, where colonial interferences in mainly succession resulted in corrupt patrimonialism (Parsons and Robinson 2004, p. 17).

4.3. General Effects on Pre-colonial Tswana Institutions

Tswana institutions were not directly challenged by colonial rule. Research in this regard has focused in particular on political and property right institutions (Acemoglu et al. 2001b, Robinson 2009). Unlike other African countries, colonization did not forcefully replace local institutions with colonial institutions. Consequently, there was no direct clash between Tswana cultural norms and British formal institutions (Englebert 2000, p. 13-14).

Even without an obvious clash of institutions, British rule had an important effect on the development trajectories of various Tswana institutions. Furthermore and particularly in the areas of language and in the organisation of social and economic life, there was a steady institutional takeover of European (mainly informal) institutions. This development was promoted by four main factors:

- a. The introduction of colonial taxes;
- b. the subsequent increase of job migration into European mines and factories outside the Protectorate;
- c. intensified contact with missionaries and traders; and
- d. the Tswana elites' interest in economic prosperity and the tribes' preference for urbanisation.

Taxes were introduced in 1899 (hut tax) and 1919 (native tax). Out of all factors, taxation had probably the strongest impact on Tswana institutions.

Firstly, taxation strengthened the political and economic power of the chiefs, who received a commission of some 10% of what they collected (Good 1999, p. 1888). Secondly, job migration became widespread among Tswana males, because many in the Protectorate looked for employment in South Africa and the Transvaal. By 1943, nearly half of the male workforce between 15 and 45 years were working away from the Protectorate¹⁸ (Acemoglu et al. 2001b, p. 14-15 and Schapera 1993, p. 405). Thirdly, taxation slowly introduced a cash-based economy into the Tswana society. In addition, European traders introduced new goods onto Tswana markets (Schapera 1955, p. 56 and 256 for examples). By and large, Tswana chiefs were aware of the gradual changes and tried to steer the process. They forbade labour recruiters to operate in the tribal areas, tried to ban spirits and prohibited the entry of poor white and Indian traders (Schapera 1936, p. 236).

4.4. Political Institutions in Colonial Times

Tswana political institutions such as the kgotla, the need for consultation and the close connection between economic wealth and political power remained untouched under colonial rule. In general, rule by traditional authority was not altered. Sub-chiefs' and headmen's patrimonial hierarchy also remained intact. However, chiefs' position and powers were slightly altered during the colonial period.

- a. They still presided over tribal courts at the kgotla, but severe cases (e.g. murder) were brought before British administration. From 1919 onwards, colonial administration also acted as a court of appeal to other verdicts of tribal courts.
- b. Their magical and religious functions were partly replaced by Christianity.
- c. Their right to call for unpaid labour services was more and more resented once cash and payment for work had become ubiquitous (Schapera 1933, p. 406).
- d. Their personal income benefited from their role as agents and tax collectors for the British (Good 1999, p. 1888). They also received rents from traders and tribute in cash from migrant workers returning home to their tribes (Schapera 1936, p. 230-231).

Missionaries expanded their work under British rule. The expansion of Christianity slowly eroded the chiefs' religious status. As Christian norms questioned the religious legitimacy of the chiefs' powers, the chiefs reacted pragmatically. They adopted Christianity and worked together with the missionaries much as they had cooperated with the sorcerers in pre-colonial times. At the same time, the missionaries became important political allies often taking sides with the Tswana against the British administration in every day life and other problems¹⁹ (Schapera 1933, p. 407).

¹⁸ Lewis reports conflictingly that, by the time of independence, about 30% of the workforce worked in South African mines, farms or factories (Lewis 2006 p. 7).

¹⁹ In 1930 Resident Commissioner Rey noted bitterly in his diary: "*Now the Church of Scotland mission run an institution in South Africa called Lovedale where a thousand natives regularly are being educated – and apparently all the unrest among natives is due largely to those who come out of Lovedale. So that is a jolly prospect. I wish I could induce my savages to start a pogrom of missionaries and eat the lot.*" (Rey et al. 1988, p. 19).

4.4. Property Rights

Tswana institutions which secured property rights were not directly affected by British rule. Communal property for unused land and private ownership for livestock and used land continued to co-exist. Based on their political powers, the chiefs and their officials continued to enforce these property rights within the tribal reserves. The institutions setting continued to favour the establishment of a prosperous “beefocracy” around the chiefs and their political elite (Parsons and Robinson 2004, p. 18). Economic inequality became slowly entrenched as a result of this institutional arrangement (Good 1999 p. 188-189).

Technological development influenced the value of land. From the 1920s, more boreholes were drilled to provide water for the herds. Newly created wells were owned privately and the adjacent grazing land also increased in value and was subsequently regarded as private property. This trend benefited the major cattle holders and continued into the 1960s. (Good 1999, p. 188)

4.5. Institutions of Social and Economic Life

European based institutions of social and economic life evolved in towns and areas close to neighbouring white colonies. The hut tax may have promoted this trend, because it forcibly confronted a considerable part of the population with the new institutions. Schools were another important factor. Formal education was actively supported by the political elite and seen as a way to achieve wealth by the common Tswana. First market structures evolved. The Tswana preference for urbanized settlements also promoted the “silent” institutional takeover of European informal institutions.

Urbanisation did not start with British rule, but gained momentum in colonial times. In the 1930s, Schapera observed relatively large towns and settlements of populations of up to 25,000 inhabitants (Schapera 1955, p. 8). Such early urbanisation was unusual for most other African tribes in the region. In particular the main towns developed into the Tswana states’ early political and economic centres (Parsons and Robinson 2004 p. 17) For the aim of this study, two impacts from Tswana urbanisation are interesting: a) Urbanisation influenced how people managed their working time in a daily and annually. b) Urbanised settlements facilitated contact with British or Boer institutions for a large number of Tswana.

Schapera’s description of Mochudi, capital of the Bakgatla (Bakxatla) tribe, can serve as a good example. In the 1930s, an estimated two thirds of the tribe (i.e. 9,000 out of 12,000 Bakgatla) lived in Mochudi. Living together in a small area had an important impact on these two thirds. It changed their annual working cycle and time management in comparison to their rural fellow tribal members. Urban life did not allow people to live close to herds; therefore cultivated lands and grazing areas were miles out of town – too far for a daily agricultural routine. Hence, from November to June (the rainy season) the urban families moved to live and work on their fields outside the towns. During this time, urban life came to a standstill. During winter (July to October), the families moved back into town leaving the young men and boys to herd the cattle. Consequently, winter months were filled with political work, domestic production and house building (Schapera 1933, p. 402-403).

The location of the Bakgatla tribal area and its capital city close to the south-eastern border of the Protectorate exposed the tribe to Europeans more intensively and earlier than other Tswana tribes. Whereas hunting, cattle and agriculture still served as the traditional source of food, economic life in Mochudi had adapted to European institutions. In order to pay taxes, an estimated 40% of the male workforce had to work in neighbouring European-led centres of employment. They worked in the gold mines of Witwatersrand or on the fruit plantations of the Rustenburg district outside the Protectorate. Absences of two years were common. The migrant workers were the first to speak English or Afrikaans and to adapt to new European institutions of employment including work and time management (Schapera 1933, p. 404-406). At least for urban settlers, the traditional lifestyle steadily came to an end. Aspirations for men typically included working in the mines long enough to afford cattle, find a wife and start a family. Some went to work as clerks for the colonial administration (Lewis 2006, p. 8).

This development recalls traditional European societies which were also characterized initially by a cyclical time perception. Industrialization began in urbanised areas. Industrialization induced a linear perception of sequenced (working) time slots. Individual working time began to serve as a resource for labour markets and firms. The subsequent economic and social transformation of European nations was based on a new linear view of time, which functioned like any other informal institution. It set rules to regulate working hours. Hence, it separated private time from working time, which was sold to an employer. Punctuality and diligence became assets because of lower transaction costs (Pirker 2004, p. 113-125).

Missionaries (among them most famously, the LMS) also benefited from urbanisation. Their schools and churches were early promoters of European culture and institutions such as education and health care. Bakgatla chiefs actively supported missionaries and in particular schooling, which they saw as a tool to modernize and to adopt new technologies. Reports from the town of Mochudi show that in the 1930s roughly 20% of the children attended schools. Schools inside and outside the Protectorate produced the first wave of Tswana entrepreneurs.²⁰ Resident teachers enjoyed considerable prestige and promoted European culture. Education outside home and job migration of the husband gradually eroded the role of the traditional household-based economy (“oikos”). Towards the 1920s, Tswana tribes ran their own schools and after the 1930s the colonial administration followed suit (Schapera 1933, p. 405 and Schapera 1936, p. 233 and 243-244).

The partnership between missionaries’ schools and both the British administration’s South African entrepreneurs’ economic interests was not coincidental. It was common practice in Southern Rhodesia, Kenya and other parts of British colonial Africa. The missionaries were in search of souls that could read the Bible and the British “...required a civilizing mission that would convert Africans into proto-Europeans who would peacefully co-exist with their tutors in civilization while inclining them toward the economic practices of modern capitalism” (Windel 2008, p. 4-5). By the 1920s the Colonial Office started efforts to streamline and structure educational

²⁰ Quett Masire, the second President of Botswana, started as a former school teacher. In the 1950s, he applied modern farming methods which led to Botswana quickly becoming the largest grain producer in the Protectorate (Lewis 2006, p. 8).

efforts throughout the Empire. Command paper 2374, a first policy statement, urged that “... *Education should be adapted to the mentality, aptitudes, occupations, and traditions of the various peoples, conserving as far as possible all sound and healthy elements in the fabric of their social life; adapting them where necessary to changed circumstances and progressive ideas, as an agent of natural growth and evolution*” (Windel 2008 , p. 9).

Under colonial rule, markets gained importance for the Tswana’s economic activities. The introduction of cash as a currency supported this trend further. Cash and livestock (most importantly cattle) existed side by side as main trading currencies. Interchange was fairly easy. Around the 1930s, 1 £ was equivalent to one ox or two goats (Schapera 1955 p. 273). The chiefs adapted and started to accept cash or cattle for tribute payment or fines (Schapera 1955, p. 65 and 86). The increased presence of trading stores and white traders opened new markets for imported basic commodities, which were considered superior to Tswana products. In exchange, Tswana traders exported cattle and other products to South Africa. This was initially an important source of cash income, which was later (owing to South African import restrictions) replaced by job migration (Schapera 1936, p. 231). Another impact of European influence was the creation of small labour markets and enterprises in urbanised areas. Early forms of service industries in the areas of transportation, crafts or health were created in particular (Schapera 1936, p. 230).

4.6. Institutions in the Colonial Period – A Short Summary

Although a direct clash between British and local institutions was avoided, the development paths of some Tswana institutions were affected under colonial rule and new European institutions (e.g. language, labour markets, cash based economy) were gradually introduced into Tswana society. Among others, taxation, urbanisation, education, and the work of missionaries were the most influential factors that promoted this development. Furthermore, Tswana chiefs personally benefited from the political arrangement with the colonial administration and supported a gradual modernisation of Tswana society.

5. INSTITUTIONS IN INDEPENDENT BOTSWANA

Parallel to the political events that led to independence, institutions underwent an important phase of transition and development.

5.1. The Way to Independence

The Protectorate’s path to independence evolved around the central figure of Seretse Khama, heir to the chieftainship of the Ngwato tribe. During his education in London, he married a British woman, which was a serious breach of Tswana tradition (and it took a series of kgotla sessions to reconcile him with his tribe). In 1951 however, the British administration banned him from the Protectorate under pressure from the newly elected racist government in South Africa. Only in 1956 were Khama and his wife allowed to return to the Protectorate under the condition that he denounced chieftainship (Lewis 2006, p. 10).

Khama's exile had profound effects on the population. During the period of his banishment, his followers began to organize a political movement for independence that would rattle British rule in the Protectorate. The Ngwato crisis was closely followed in the media by the British public, who largely opposed apartheid South Africa. In 1954, it became clear to the British administration that its initial plans to merge the Protectorate with South Africa would have to be given up (Lange 2009, p. 11 and 13).

The colonial administrator, Peter Fawcus, who later became the Protectorate's last Resident Commissioner, became an important ally of the young Tswana independence movement. By 1961, Fawcus established new political bodies based on a preliminary constitutional arrangement that was approved in London. Among these bodies the most important were: an African Council,²¹ a European Council and a mixed Legislative Council (LEGCO).²² At this early stage of political self autonomy, the traditional Tswana institution of consultation with the tribesmen was already integrated into legislative and administrative bodies. The African Council began to reform Tswana political institutions and started to replace the local chiefs' patrimonial rule with democratic processes. Civil servants and early politicians gained valuable practice in various councils and administrative departments. The first political parties were formed inside the LEGCO. Seretse Khama founded the new Bechuana Democratic Party – later the Botswana Democratic Party (BDP) – in 1962. The BDP was explicitly national, non-tribal and non-racial. It immediately started building grass-root structures using Khama's popularity as a former chief. BDP leaders travelled throughout the country discussing ideas, recruiting members and disseminating information about the new constitution. At the 1965 elections, the BDP had offices in every constituency thereby winning 81% of the vote (Lewis 2006, p. 10-12). In 1969, the country became the Republic of Botswana with Khama as its first president and the BDP as the ruling party (Parsons and Robinson 2004, p. 13).

Despite the peaceful achievement of political freedom, newly independent Botswana was impoverished. During its first five years of existence, it was heavily dependent on British financial support (Parsons and Robinson 2004, p. 13). On the other hand, colonial rule had ended peacefully and independent Botswana was an unusually ethnically homogenous nation. On independence a majority considered themselves Tswana and shared the same language²³ (Robinson 2009, p. 9).

5.2. Institutional Development towards a Modern State

I build the idea of an institutional development upon the “imported state” hypothesis. It argues that the variations in the extent to which post-colonial state institutions clash with pre-colonial institutions largely account for differentiations in institutional

²¹ The African Council represented the native population and was elected from the local ward level up through a system of tribal kgotlas.

²² LEGCO consisted of ten Africans (eight elected by the African Council and two appointed), ten Europeans (eight elected by the European Council and two appointed), one Asian and ten government officials with the resident commissioner presiding.

²³ This feeling of Tswana-hood is partly surprising. Owing to extensive incorporation of non-Tswana tribes, probably no more than 50% of Botswana's population had Tswana ancestors on independence. Even if ethnical homogeneity in Botswana cannot be supported by statistics today, the overall feeling of belonging to a homogeneous group had a politically stabilizing effect (Robinson 2009, p. 9)

quality and thus economic performance (Badie 1992 and Englebert 2000). According to this concept, institutions of a post-colonial state are more likely to promote long term economic growth, the better local institutions are integrated into the post-colonial institutional framework and the more formal institutions of the modern state are embedded²⁴ into a society's social networks based on its history and culture. Consequently, the following analysis will focus on how pre-colonial Tswana institutions were integrated into the institutional framework of modern Botswana and how European institutions, which were necessarily imported to build this framework, were introduced to the Tswana society.

The introduction of several informal European institutions had already begun during the colonial period. As shown above, the perception of working time had changed owing to taxation, job migration and schooling. Local labour markets had started to exist. English language and Christian values had been diffused among the population. This first phase had a geographically focus on Tswana capitals. Affecting mainly informal institutions, the process took roughly two generations. A clash between British and Tswana institutions was avoided owing to light colonial rule and pragmatic Tswana leadership.

In a second phase, the process shifted to the conscious adoption of modern state institutions. This process was much faster. It roughly began in the decade before independence and ended a decade after²⁵. In this second phase, Botswana's leadership chose which institutions to build from scratch and which pre-existing ones to keep. Newly introduced institutions were modelled on European examples and adapted to Tswana culture. Existing institutions such as the kgotla were integrated into the formal institutional framework necessary to run a nation. As this section will show, a clash between pre-colonial and post-colonial institutions was again avoided.

Phases of Institutional Development in Botswana	
1. Colonial Period: ~ 80 years	2. Independence Period: ~ 20 years
Mostly informal institutions taken over from British and Boers. Examples include:	Mostly formal institutions taken over from the British or Dutch and adapted to Tswana culture. Examples include:
<ul style="list-style-type: none"> • language • cash based trade • linear perception of working time 	<ul style="list-style-type: none"> • Westminster based parliamentary system. • Tswana institutions such as kgotla and customary law preserved

Figure 3: Phases of institutional takeover in Botswana
Source: own

²⁴ The concept of embeddedness traces back to Mark Granovetter (Granovetter 1985 and Smelser, Swedberg 1994, p.18-19). Embeddedness can help to explain the social mechanisms through which informal institutions are created (Williamson 2000, p. 596-7).

²⁵ The cumulative introduction of a wide range of formal institutions in such a short period of time is probably best explained by concepts of "crises" or otherwise sharp breaks from established procedures. Independence after generations of colonial rule usually constitutes such a crisis (Williamson 2000, p. 598 and Lange 2009, p. 2-5).

Breaking the institutional development into two phases may help to examine what went wrong in other former colonies, where colonial rule often destroyed local institutions and replaced them with European institutions by use of force. More often than not, this phase was brutal. It is a remarkable feature of African colonial history that the Tswana have managed to preserve most of their institutions under colonial rule. In this context, a comparison with related Tswana tribes on South African territory is interesting: Tswana tribes on South African territory and the closely related Basutho in Lesotho initially had very similar institutions (e.g. the kgotla) to the Tswana in the Protectorate. These institutions were determinedly undermined by British efforts to mobilize labour for the expanding mining industry. Other examples of subverted local institutions are documented (see Robinson 2009, p. 9).

During the second phase, institutional transformation in other former colonies often lacked cultural embedding. In some cases imported formal institutions were insufficiently integrated into the framework of existing institutions and cultural norms. The results were weak institutional structures and low state legitimacy. Not all former colonies were the same in this respect. In Australia and the Americas, the native population had been either almost entirely wiped out or assimilated by intermarriage. Newly independent citizens saw less need to distinguish between local and foreign institutions. In some Asian countries, the colonizers had subjected states that had already been established and which simply recovered their sovereignty after the end of their colonial occupation. In Africa however, the gap between the post-colonial state and informal local institutions may have been most severe. It caused a typical chain of events: after the first years of independence, when either the euphoria or the leaders' charisma had ended, formal new state institutions began to lack legitimacy in the eyes of the population. People preferred to follow local informal institutions. African leaders therefore soon discovered how little power they had really inherited. In many cases, ethnic heterogeneity based on arbitrarily drawn boundaries added to the lack of legitimacy. To stay in power, the leaders resorted to a neo-patrimonial ruling strategy, which was more in line with prevailing local institutions. The results were widespread distortion in market mechanisms. Resources were allocated according to political interests and caused clientelism and corruption (Engelbert 2000b, p. 1823-1825).

5. 3. Political Institutions

Today, Botswana is a parliamentary democratic republic with strong presidential powers. Its legislative, judiciary and governmental institutions have been modelled on European examples but adapted to Tswana tradition. Tswana institutions have been preserved at the level of local administration, where chiefs still exercise important judicial functions. The kgotla remains as a good example for a local institutions that still has an important role in modern Botswana political life. This section will take a look at the establishment of modern Botswana's institutions.

5.3.1. Establishment of a new framework of political institutions

The process which developed Botswana's political institutions from its colonial framework began with the disempowerment of the chiefs towards the end of the colonial period. The first step was the creation of elected district councils to

administer former tribal areas in 1966.²⁶ At this point, the chiefs were invited to act as ex-officio chairpersons within the district councils which governed the territories occupied by their respective tribes. At the same time, the Chieftainship Act of 1965 formalized the chiefs' traditional powers. This act explicitly confirmed their judicial powers in customary courts, their right over stray cattle, their authority to regulate tribal affairs, their right to convene kgotla meetings, the power to allocate land, and many other rights. The power to recognize, appoint and suspend the chiefs was transferred to the president. After the chiefs had agreed to this formalization of their rights and powers, these were gradually eroded in a series of legal acts. In 1968 for example, the Tribal Land Act transferred the right to allocate land which was formerly the customary right of the chiefs to the newly established land boards (Adams et al. 2003, p. 3). Similarly, most of the chiefs' other rights such as revenue collection were transferred to local government and tax authorities. Finally, the chiefs were removed as ex-officio chairpersons in the district councils (Parson 1984, p. 43-44 and Picard 1985, p. 66).

Two prevailing conditions facilitated the surprisingly peaceful transformation from patrimonial rule to bureaucratic administration.

Firstly, the chiefs' disempowerment was eased by Seretse Khama himself being the chief of the country's largest tribe. Combined with the high ethnic homogeneity among the Tswana, Khama's legitimacy of the president as political leader was greatly enhanced. Botswana was governed like a "modernized traditional kingdom" (Englebert 2000, p. 14). Once legitimacy of his government had been established, it no longer mattered that his successor (his vice-president) was not originally a chief²⁷ (Lewis 2006, p. 14-15). In Weber's terms, Botswana had changed from the legitimate domination of traditional authority to a rule based on rational-legal authority.

Secondly, the state administration's rapid expansion was carried out by competent bureaucrats, who were either expatriate staff or Tswana civil servants educated in either London or South Africa. The need for competent administrators was strong. In the last decade before independence, 2,500 new jobs were created in state administration. After independence the administration continued to grow by 20% per year (Lange 2009, p. 9-10). Staff members with a foreign background by either education or birth were aware of how political institutions functioned and of the problems which could be avoided (e.g. racism and tribalism in other colonies). The European and South African expatriate workforce, who filled the responsible positions in the civil administration, was considerable. In 1964, expatriates filled 75% of all senior and middle management positions in public services. In 1977 this share was still 33% (Parson 1984, p. 41-42).

It is remarkable that Botswana's leadership did not give in to political temptation to quickly replace expatriate civil servants by local civil servants. Despite public pressure, "localization" was gradual and enabled Seretse Khama and his successors to

²⁶ The district councils govern all citizens within its boundaries regardless of race or tribe (Lewis 2006, p. 13). However, the territories of the nine districts largely coincide with the former tribal areas. The district councils were granted semi-autonomous powers in the beginning, but lost some of their autonomy in the 1970s (Parson 1984, p. 44-46).

²⁷ His successor as president and head of the BDP, Quett Masire, had been a teacher. After his succession in 1981, fears that he would fail to unite voters did not materialize (Parson 1984, p. 55).

keep civil services running without breaches in standards of efficiency (Picard 1987, p. 85-89 and Lange 2009, p. 15).

5.3.2. Botswana's framework of political institutions today

Botswana's parliamentary system follows the Westminster model which has been adapted to fit Tswana culture. The political system grants more power to the president who is both head of state and head of government. Legislation lies with the National Assembly. A House of Chiefs advises the Assembly on tribal affairs and customary law, but cannot influence legislation (Parson 1984, p. 39-40). Botswana's judicial system is based on a Dutch-Roman model, but also has elements of British common law. On the national level, its judicial system is comparable to a continental European country (Beaulier and Subrick 2006, p. 110). On the local (formerly tribal) level, the chiefs retain important judicial powers. They preside over customary courts and do justice according to customary law in minor offence cases. These customary courts were expanded to areas where they had never existed (such as new urban settlements) so that all Botswana today could have equal access to the judiciary without a lawyer. As a result, the legal system has not changed much for average citizens, whose legal problems take them before a chief. 70 to 80% of all civil and minor criminal cases are still settled at around 500 customary courts in Botswana. There is no codified or formalized generally applicable customary law. Appeal courts provide the necessary congruence among customary and common law (Lewis 2006, p. 13-14 and Ditshwanelo 2010).

The kgotla remains the place where chiefs and governmental officials hold customary court. Politicians (e.g. cabinet ministers) also use the kgotla as a forum to consult with the citizens and inform them about new legislation (Parson 1984, p. 38-41). Today, the kgotla is considered one of the earliest pillars of Botswana's democracy, which may be flattering. As has been shown, the kgotla was a forum to seek consensus, but not necessarily a democratic institution in today's sense. However, the political importance of the kgotla in modern Botswana politics is seen by anyone who reads a Botswana newspaper (Botswana Gazette 2010).

In its early election campaigns, the BDP used the kgotlas extensively. Feedback from community meetings reported the people's needs for health services, education and better access to markets. The BDP government responded thereby remaining in power (Lewis 2006, p. 14-15). Research conducted in 1979 in rural areas and villages showed that trust in the effectiveness of the kgotla was higher than in any new established governmental body (e.g. the land board or district council) and that kgotlas were still frequently attended. In particular, the less educated rural population education had little understanding of the meaning of national government and of the nation state, Botswana (Picard 1985, p. 66-68).

The role of the kgotla is a good example of the two assumptions that this article holds. Firstly, informal institutions outrank existing formal institutions in their influence in regulating social life (Williamson 2000, p. 596-598). In the light of research conducted in 1979, the persistence of informal institutions seems to be linked negatively to levels of education and urbanisation. Secondly, the kgotla example shows that integrating compatible informal institutions within the institutional framework of a modern state increases political legitimacy and raises the overall

effectiveness of formal institutions. There is probably more research needed on informal institutions and how they influence long-term economic growth.

5.4. Property rights on Land

The co-existence of common and private ownership of land as well as the private ownership of cattle was inherited from the colonial period and remains dominant even today (Beaulier 2006, p. 108). This institutional arrangement of property rights has suppressed the establishment of functioning land markets. Consequently, rural economic development in Botswana is lagging behind the country's overall economic performance.

On independence, the ranching industry was the only industrial sector of importance in Botswana. Owing to the traditional connection between political power and cattle, the distribution of cattle ownership was highly unequal. Nevertheless, the non-cattle-owning rural residents' economic existence was indirectly dependent on the health of the cattle sector. Hence, cattle owners and non-cattle owners shared a common interest in having a prosperous ranching industry. This gave all sides strong incentives to keep common ownership of land and private property rights of cattle unchanged and to follow the developmental path based on ranching and exporting cattle. Consequently, the new government invested in physical capital (infrastructure, roads) and human capital (education, public health) in rural areas because such investment initially promised high returns in ranching and promoted growth (Martin 2008, p. 42).

What appeared as good economic policy right after independence (i.e. building on unchanged property right institutions) became a problem in later years. Today, vast investments in the rural areas and the establishment of governmental bodies allocating land (Land Boards) have not shown much success. Without going into too much detail, the findings of the second Common Country Assessment (CCA) by the UN state that traditional institutions clash with governmental initiatives. In particular, the traditional land tenure system is blamed for obstructing efficient land use (2nd CCA for Botswana 2007, p. 11). *“Although rooted in traditional structures and communal land ownership, the administration and allocation of land are highly problematic, with a lack of transparency, excessive bureaucracy, long delays, no effective market mechanism for reflecting supply and demand, and ample scope for corruption. The shortcomings embedded in this system are one of the main causes of inefficient and unproductive land use.”* (2nd CCA for Botswana 2007, p. 23).

The persistence of communal ownership right of land can again be explained by the pervasiveness of informal institutions based on Tswana culture. Modern institutions of property rights were not introduced and the *“rare window of opportunity to effect broad reform”* (Williamson 2000, p. 598) closed without ever being used. Subsequent attempts at institutional development have come with higher costs.

6. SUMMARY AND CONCLUSIONS

The aim of this article has been to investigate why Botswana ended up with remarkably strong institutions. By applying institutional thinking to the course of Tswana history, the article has identified factors that are important in answering this question. Three main factors stand out:

One factor is the unique pre-colonial institutional arrangement of Tswana tribes, which has been suitable for the institutional framework of a modern state. As shown, pre-colonial Tswana institutions limited the powers of leaders by forcing them to seek public consensus and by encouraging them to pursue economic interests. An impressive record of good leaders (such as Seretse Khama) in Tswana history can be seen as a result of this institutional arrangement.

British colonial rule was light thereby leaving Tswana institutions unchanged. “Benign neglect” meant little political involvement but also gradual introduction of informal European institutions. The few cases of direct colonial interference with Tswana tribes resulted in corruption of the tribes’ political elites. Furthermore, sovereignty was handed over in a peaceful and constructive manner.

Finally, the process of institutional transformation from a traditional society to a modern state was successful in the sense that a clash of institutions was avoided. The outcome of this process is Botswana’s effective institutional framework today. The article has shown by way of example that in Botswana’s case newly introduced European institutions were adapted to Tswana culture (e.g. judiciary system incorporates customary courts) and important local institutions were preserved and integrated into the post-colonial institutional framework (e.g. role of kgotla today). Sectors where this process of institutional development failed (e.g. land use and communal ownership) have resulted in structural economic underperformance.

The article has distinguished two phases of institutional development in Botswana. Informal institutions were adopted during the colonial era through increased direct contact with Europeans. During this first phase a range of influencing factors supported the adoption of European institutions:

- a. Tswana institutions were left largely unchanged.
- b. British taxation promoted cash currency, labour markets and English language.
- c. The Tswana people preferred to settle in large towns (urbanisation).
- d. Tswana leadership pursued economic interests and promoted education.
- e. The colonial period was peaceful and long enough for informal institutions to be adopted.

In the second phase, formal institutions were introduced in the two decades both before and after independence. In most other former African colonies, the integration of formal institutions failed and resulted in a state that lacked legitimacy. Botswana’s leaders built one of the most efficient examples of state institutions in Africa. Additional factors seemed to have had a positive impact on this process:

- f. Botswana’s political leaders (Seretse Khama and the BDP) possessed the necessary skills and authority to effect institutional development.

- g. There was a perceived high ethnical homogeneity among the Tswana population.
- h. Foreign financial support and availability of skilled workforce in public services enabled continuity.

What conclusions can be drawn from Botswana's case?

Firstly, Botswana applied orthodox economic policies to achieve long-term economic growth. There was no "big push forward", nor import substitution. However, it would be wrong to argue that other African countries would have been richer today, had they followed similar policies. Rather, we can learn from Botswana's case that if the institutional framework is right, orthodox policies can lead to long-term economic growth.

Secondly, the reasons for Botswana's effective institutions can be found in its colonial and post-colonial period. In this context, the imported state hypothesis has been helpful to explain how Botswana avoided a clash of institutions and built an effective institutional framework.

Thirdly, Botswana's success attributes to a unique combination of historical conditions (e.g. light colonial rule, apt Tswana institutions, ethnical homogeneity) and beneficial factors (e.g. preference for education and urbanisation, strong leadership, skilled administration after independence) which appear to be more of an outcome of Botswana's institutions than independent conditions. The combination of these conditions and factors can hardly be repeated. Thus Botswana cannot easily serve as a model for other countries which suffer from ineffective institutions. More research (and individual case studies) on conditions and influencing factors are needed to establish a nuanced theory on (post-)colonial institutional development, which can be tested on a broader scale.

Finally and more fundamentally, the study has emphasized the role of informal institutions within the institutional framework of a state and their impact on economic performance. In the context of post-colonial development, informal institutions represent the institutional level of customs, tradition, culture and religion. Botswana's case has shown that these norms persist through generations and that they dominate and potentially obstruct the effect of formal institutions. The lesson here is that scholars and policymakers alike should consider the importance of existing informal institutions and how they can be used to increase effectiveness of the institutional framework of a state.

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