

*Discussion Paper 5*

# **ENOUGH IS ENOUGH!**

For an Alternative Diagnosis of the African  
Crisis

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# Introduction

This paper<sup>1</sup> is subdivided in four chapters that correspond to the different levels of the debate: a first chapter concentrating on the perceptions and opinions about Africa; a second chapter dealing with the economic realities as they are right now; a third chapter extracting from the realities the challenges and needs of the continental agenda; and, finally, the interaction between the challenges and the historical heritage of the African people.

The continuum is ensured by the author's preoccupation with the presentation of alternative interpretations of the past experience, in order to address the main concern of 'what happened' to justify the difficult situation of the continent. This is done through a brief description of the mirrors that will have to be taken into account to build any meaningful development alternative to the continent, on economic as well as political and cultural grounds.

The paper does not comprehensively address the institutional and operational implications of an alternative development agenda for the continent. Some of the proposals recently elaborated are reviewed without any selection or packaging.

In the concluding chapter we revisit the so much under fire 'development' concept, once again. That is to underline the need for further discussion and debate regarding the important subject before us.

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<sup>1</sup> The paper has been commissioned by the Division for Regional Programmes and Policy Analysis, of UNDP's Regional Bureau for Africa, for presentation to the III UNDP/RBA Economists Seminar. It contributed to the discussion of the first topic of the agenda: challenges and needs of the African continent in the 90s. The views and opinions expressed in this paper are the sole and unique responsibility of the author, and do not necessarily reflect those of UNDP. Special thanks go to Mr Arild Hauge and Ms Virginia Bregger who assisted with editing and secretarial support in the production of the document.

# 1. Africans' Feeling of Defeat

It is obvious that the first to suffer from the acknowledged crisis of African economies and societies are the Africans themselves. There is little doubt that the blaming attitude of outsiders towards African incapacities leaves the Africans with a sense of defeat. Defeat of the economists for resigning to the imported models. Defeat of the politicians for not fortifying the nation building process. Defeat of the military for not controlling the civil unrest the way they wanted or thought appropriate. Defeat of the governments for not raising the standard of living of the population. Defeat of the intellectuals for not being capable of denouncing the constraints they faced when trying to build a different development pattern. Defeat of the common people for maintaining faith in their leaders. But, is it true? Is it true that Africa has nothing to show? Are we accepting, as some would not mind, that Africa is tainted by a cultural disease that explains the present situation?

In order to answer the critical questions before us it is essential to consider the different perceptions of the failure, how they translate into tangible indicators and attribute, as far as we can, responsibilities. Only then do we realize that the call for a catharsis movement hides different intentions and interests, varying from one angle to the other.

## 1.1 Crossed perceptions

In 1961 the UK Royal African Society convened at the University of Cambridge to assess the development prospects of the continent. The tone of the communications was quite positive, Africa being perceived as an important player in the emerging state of post-imperial or colonial world affairs. It was then consensual to attribute an important role to the African elites and their quest for national liberation. When in 1991, thirty years later, the same Royal African Society met under the leadership of Douglas Rimmer it was to acknowledge that Africa is, indeed, a basket case. For Rimmer the optimism of 1961 proved to be an overlooking of what was geared to be a disaster, provoked by the incompetence of African governments.<sup>2</sup>

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<sup>2</sup> Rimmer, D., *Africa 30 years on: the record and the outlook after thirty years of independence*, James Currey/Heinemann, London/Portsmouth, 1991.

This tone is gaining momentum. Recently a senior policy advisor of the World Bank Africa region considered that the first three decades of African independence have been an economic, political and social disaster.<sup>3</sup> The rationale for such harsh conclusions is presented with examples like, once fine universities now in decay, governments chronically over-staffed and under-performing, institutions deriving erroneously from metropolitan models, as well as collapsing commodity prices and mismanagement. Landell-Mills' retrospect has an underlying cultural bias and follows the common interpretation of dualist concepts that pretend to divide Africa between modern and traditional. He pledges an enhanced role for indigenous institutions and believes that participation of ordinary people in the development process, through a bottom-up approach, will take care of Africa's dilemmas.

Slightly different statements like Africa is 'stuck'<sup>4</sup> or 'a continent without direction'<sup>5</sup> have been used before, although this message does not cover all the independent years of the continent, and has never been insisted upon. The call for afro-pessimism (as it has been designated) is nothing new as such, but this time the messages are coming from a different set of personalities and interest groups. Some African intellectuals are wondering whether Africa is now a pariah of the world, without a future and, what is more difficult to accept, without a particular positive historical background:<sup>6</sup> 'A pariah eluded by positive and meaningful growth, shunned by international investors, dogged by peace, dodged with civil strife, unblest with appalling lack of governance, and even savaged by mother nature in the form of drought and aids.'

The self-criticism of African intellectuals will certainly be welcomed. It is not a coincidence if Landell-Mills quotes the famous African writer, Chinua Achebe. One of the personalities in his book entitled *The Trouble with Nigeria*, published in 1983, had the following to say about Achebe's country: 'Nigeria is ... one of the most disorderly nations in the world. It is one of the most corrupt, insensitive, inefficient places under the sun .... It is dirty, callous, noisy, ostentatious, dishonest and vulgar ... Nigerians are what they are only because their leaders are not what they should be.'

However, this self-criticism can be a powerful weapon of self-destruction if not used carefully and within a particular context. It is rather easy to point a finger to the Africans using quotations like this

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<sup>3</sup> Landell-Mills, Pierre, 'Governance, Cultural Change, and Empowerment', *The Journal of Modern African Studies*, Cambridge, 30 April 1992.

<sup>4</sup> Giri, Jacques, *L'Afrique en panne. Vingt-cinq ans de développement*, Karthala, Paris 1986.

<sup>5</sup> Fontaine, André in *Le Monde*, Paris, 12 November 1987.

<sup>6</sup> Ncube, 'Is Sub-Saharan Africa a Pariah of the World?' *The Financial Gazette*, Harare, 13 May 1993.

one as testimony. World affairs are just too complex to be reduced to anecdotes or equations. We are, nevertheless, obliged to agree that even more serious attempts to revisit the perceptions on the continent would come very close to these, if not conclusions, at least classifications and terminology.

As mentioned in a recent round-table on democracy in sub-Saharan Africa, the continent is still considered as the sick partner of the planet.<sup>7</sup> The participants reminded us that several miraculous recipes have been proposed by several interested parties: intensive agriculture, grassroots initiatives, infrastructures, high-tech solutions, industrialization and more recently, structural adjustment and democracy. None of these recipes seems to awaken Africa from its lethargy. Public development aid has certainly not been the answer pointing out Africa as a special case, not following the pattern and the timing, and even regressing, when compared to the "normal" evolution of other societies.

Can it be possible that the Afro-pessimists are preparing us for a new miraculous solution? Are we on the verge of discovering a new recipe?

A common feature of most of these perceptions is an absence of reference to the pre-colonial history of sub-Saharan Africa as a guide for identifying and interpreting facts about African values and attitudes.

Many outside Africa still believe that the colonial period swept away the old traditions and laid the foundations for the new. Common evidence now reveal that although the first might be true, the second is far from being the reality. What was provoked by the colonial period was an institutional void and not the foundations for the integration of Africa in the "modern" world.

The colonial period is perceived by development theorists as being conducive to the establishment of the pillars of civilization, the institution of law and order and, as the history books will tell, of the launching of the historical process itself. Books about European colonial rule will show you evidence of the history being also laid down by the administrations that followed the Berlin Conference. Any self-defence attitude on behalf of the Africans was classified as rebellion, protection of archaic traditions like witchcraft, proof of savagery, perversion, superstition or foolishness. Some would appreciate African incompetence or fickleness as part of the same tendencies, ready to undermine any modern institutional setting. In this sense, African incapacity has been associated all along with the pre-colonial period when the good foundations of the "modern" were not yet established.

The quest for independence and national liberation was driven by the elite, most of it trained by the schools in, or established by, the colonial powers. Their cries for a new identity were genuine but based on a set of assumptions that were not against the myths of progress and

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<sup>7</sup> ECDPM, *Democratisation en Afrique sub-Saharienne: A la Recherche d'un Renouveau Institutionnel*. ECDPM, Maastricht, 1992.

modernity. The elite wanted to strengthen the heritage of colonial administrations, rather than build something new. As the contradictions grew between their wishes and the realities, it became obvious that, once again, the pre-colonial heritage was coming back, but now in a non-conducive context.

The perversion of the new institutions by this mixed heritage for a moment made the agenda of the colonial administration look right, in its classification of African incapacity. The solution seemed reasonable to both the elite and their external partners: *more of the same*. Massive infusions of international technical advisors to replace incapable locals, creation of new enclave institutions; copying again the models of the north, while alienating themselves from the local scene, training of counterparts, capable of understanding the imported values. This was, essentially, more of the same attitude that prevailed during the colonial times.

Any radical departure from this perception will be challenged by the level of understanding of the pre-colonial history of the African societies, as well as the complex and contradictory background of the post-colonial states.

As the referred to round-table on democratization of Africa mentioned, there is a tendency to refer to known systems, reflecting certain principles on institutional development applied in the last 30 years. Preconceived ideas have inspired local elites and external funding agencies in the following ways:

- a) Conviction that the systems inherited from colonialism were adapted to the needs of African countries, the problem being only how to manage them;
- b) Conviction that it was possible to develop a management capacity through technological transfer and technical assistance;
- c) Predominance of a simplistic development vision, assuming that all societies follow the same pattern of socio-cultural and economic transformation.<sup>8</sup>

The bottom line of this approach has been well established by James Grant, the Executive Director of UNICEF, when he said that, "given the numerous interconnections between Africa and the rest of the world (of trade and finance, debt and aid, history and technology) no one, even slightly informed of the issues, can seriously believe that Africa is an island unto itself. Africa's tragedy is also a shame for the rest of the world."<sup>9</sup> As the UN Secretary General, Boutros-Ghali, stated, "We have to reject the views of those that are inclined to write

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<sup>8</sup> ECDPM, *idem*, p. 14.

<sup>9</sup> Cornia, G.A., R. Hoesen, T. Mkandawire, *Africa's Recovery in the 1990s*, UNICEF, New York, 1992.

Africa off as hopeless. The immediate post-colonial period in Africa was of high expectations. Those hopes are now classified in the way monetary economists perceive the contribution of workers to the economy: a fight between losers and winners

## 1.2 Harsh realities

According to African Development Bank figures released in May 1993 the actual Gross Domestic Product growth for 1991 was 1.9 per cent instead of the anticipated 2.6 per cent. This is well below 3.1 per cent in population growth and resulted in a decline in per capita income for yet another year. It goes also without saying that these figures are well below the average rate of output growth of 6.2 per cent recorded in developing countries as a group 1992. In 1992, according to the Economic Commission for Africa, output growth for Africa as a whole was only 2.4 per cent against earlier expectations of 3.3 per cent or more. This indicates that the economic difficulties of Africa in the 1980s seem unabated in such a way that all social indicators continued to worsen in 1992. The sharp contrast between these figures and the expectations for the 1990s, when a peace dividend was anticipated and the democratization drive was felt as a complement to economic structural reforms, mirror the balance of expectations and realities that prevailed in respect of economic recovery in the 1980s.

A consideration of African macro-economic indicators could be useful for an interpretation of the different factors that account for the present economic crisis. One graph demonstrates the chronic state.

Source: *Africa Recovery supplement*, March 1993

It is clear that at the end of 1992 sub-Saharan Africa's GNP was far less important than its external debt.

We are removed from the early years of Independence, when a vast majority of the Africans were hoping that the colonial yoke would be lifted and life would be better.

Instead of having schooling expansion, health care becoming more available, cities benefiting from more infrastructure and people finding jobs in the formal sector, we are now confronted with hopes and expectations being shattered by domestic and exogenous shocks. The cost of living is becoming more and more of a problem.

African nations are increasing their borrowing. Interest rates are rising. Deteriorating terms of trade are cutting the value of Africa's traditional exports. Massive cut-backs in the formal sector, and the increasing role of the informal sector are changing the structures of the African state. Infrastructure is crumbling and there are less and less items in the markets, either available or affordable. The cities are becoming too big. Services are deteriorating or vanishing and unemployment is escalating, together with poverty, and has come to dominate life.

In this context, debt is the only visible part of an iceberg that includes the highest child mortality in the world, ten times the rate in the industrialized world. 12 per cent of the world's young children are in Africa, but 33 per cent of the 40 million children under the age of 5 years who die each year come from this continent. Africa will have 5 to 10 million aids-orphanes by the year 2000 and 2 million children will die from this disease. As many as 10 per cent of Africa's 65 million children in 1992 fall into UNICEF's category of 'Children in especially difficult circumstances'. Malnutrition will affect 30 per cent of young Africans or 34 million children at any one time.<sup>10</sup>

Other social indicators show that over 40 million people in eastern and southern Africa suffer from famine conditions, 41 million are uprooted, of whom 15 per cent are refugees and the rest are displaced within national borders.

On environment the picture is gloomy, as it is with the other sectors. Africa's environmental degradation should rank very high in the preoccupations of policy-makers.

How, in these circumstances, does one judge the fact that sub-Saharan Africa has a GDP equivalent to Belgium or that the region accounts for less than 2 per cent of international trade?<sup>11</sup>

We can now comprehend the importance of a yearly outflow of, at least, USD 9 billion in financial resources to pay debts. As once again stated by James Grant, to accept that the poorest continent in the world pays such an amount to countries that are 50 or 100 times richer, 'must rank on the scale of morale disgrace, if not with the slave trade, at least

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<sup>10</sup> Data on children from OAU/UNICEF, *Africa's Children, Africa's Future*, UNICEF, New York, 1992.

<sup>11</sup> Excluding South Africa.

with the worst of the 19th century excesses when, in the early days of capitalism, exploitation knew few limits. For this to be part of the required processes of the international financial system as we know it, it simply shows how far we have yet to travel in developing international codes of behaviour which accord with national codes.<sup>12</sup>

### 1.3 Disputed responsibilities

Who is to blame for this predicament? Is there a need for sharing responsibility for the failures? Before we can safely propose what would be, in any case, a complex answer, it might be appropriate to look back on the situation in the 1970s.

Susan George says that the early years of independence in Africa were 'invigorating'.<sup>13</sup>

The famous Berg Report published by the World Bank in 1981 says of the 1970s that 'The picture is not uniformly bleak. There are signs of progress throughout the continent. Vastly more Africans are in schools, and most are living longer. Roads, ports and new cities have been built and new industries developed. Technical and managerial positions formerly occupied by foreigners are now held by Africans.' The report even accepts that African governments' focus on political consolidation and the laying down of basic infrastructure as a goal of national integration as well as the development of human resources were more than appropriate.<sup>14</sup>

UNICEF classifies the two first decades of independence as 'remarkable'. 'African economy performed relatively well in aggregate terms during the 1960s and 1970s, especially up to 1973 and then between 1976 and 1978.'<sup>15</sup> Indicators like GDP and exports grew at sustainable rates comparable to other developing regions. Manufacturing production increased significantly. There was a sustained expansion on education, especially primary education; an important mobilization of domestic savings and foreign resources; investment rate grew from 14 per cent in 1965 to 20 per cent in 1980.

Major set-backs like the performance on agriculture and a limited secondary sector had contributed to the development of some structural problems, but certainly not to the extent evidenced by the 1980s indicators.

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<sup>12</sup> See Cornia, G.A. et al., XIII.

<sup>13</sup> George, S., *A fate Worse than Debt: a radical new analysis of the Third World debt crisis*, Penguin, Harmondsworth, 1988.

<sup>14</sup> World Bank, *Accelerated Development in Sub-Saharan Africa*, World Bank, Washington D.C., 1981.

<sup>15</sup> Cornia, G.A., et al., p. 9

Some factors contributed to later drive the African countries into the vicious debt circle when in the 1970s the following conditions prevailed:

- Acceptable prices for primary commodities were obtained on the world market.
- The cost of imported raw materials was three or four times less than it is right now in real terms.
- Oil prices were reasonable, until the first crisis in 1974.
- Interest rates were low, and with the combined effect of inflation, sometimes, even negative if loans were accessed through subscriptions.
- External debt burden was very light.

The region's later financial distress was aggravated by the fall in export earnings due to the changes in commodity prices, the accumulation of arrears on its debt payments that jumped from 210 million USD to 14,150 million in 1992. The continent's debt stock is now close to 290 billion, up from 281 billion in 1991 according to the World Bank.

Source: *Africa Recovery*, Volume 6, No. 4 1992

Debt servicing represents more than USD 10.2 billion in 1992, and for countries like Guinea Bissau, Somalia and Sudan it is well above 100 per cent of GDP. Overall debt servicing represents 32 per cent of all sub-Saharan Africa's exports.

One of the most interesting phenomena is the weight of multilateral debt servicing which is becoming a major proportion of African countries' debt obligations. In 1991 payments to multilateral organizations represented the equivalent of over 36 per cent of export earnings for countries like Uganda and Zambia. IMF has received net transfers from Africa for more than seven years. In 1992 an estimated USD 170 million

was sent to this Bretton Woods institution, although World Bank transfers to the continent are now positive. This has to be contrasted with a sharp reduction of net disbursements from the World Bank, that in 1992 represented a meagre USD 783 million which, in turn, represents as much as UNDP's budget for technical assistance in developing countries.

Another characteristic of Africa's debt is the fact that it is mainly owed to official creditors, which account for 60 per cent of the debt stock. The close to USD 100 million Africa owes to private creditors, cost in servicing close to USD 14 million a year with arrears and the Baker-Bradley Plans do not take Africa into account.

In this context, it is irrelevant to try to solve this burden through the conditions proposed in the Toronto and Trinidad agreements. The situation is too complex to be tackled with short-cuts. A structural change is required along the lines proposed by Susan George. She shows that the US government deficit, for instance, is an integral part of the present debt crisis. It is now obvious that a crisis in the global economy may be divided into north and south, but basically both are part of the same global economy. Her classification of debt as 'financial ecocide' or 'financial low intensity conflict' seems appropriate.<sup>16</sup>

As explained in UNCTAD's most recent report on Trade and Development, the debt issue is part and parcel of the economic crisis in the north. As they state: 'If the 1980s were dominated by debt crisis in the developing world, the 1990s have started under the shadow of one in the developed'.<sup>17</sup> UNCTAD is convinced that governments in a number of developed economies increased substantially their indebtedness, like the United States, provoking a high financial market deregulation. Their assumption was that the steady expansion and asset price inflation of the 1980s would persist and continue to sustain the rising burden of their debt.

In mid-1989 it was obvious that all sectors were over-committed, as a result of the previous expansion. With the consequent aggravation of the situation with the war in the Persian Gulf and the shift of behaviour from accumulation to repayment, the first to suffer were the smaller developed countries. Growth slowed down in western Europe and other industrialized countries creating a perceived gravity in the financial sector, now resistant to any concessions in the debt of developing countries. Tightening monetary policies is just one side of the coin. As UNCTAD states: 'Firms are unable to find finance and as a result are being forced to sell, driving down the market prices of the assets held by the banks still further: typically recessions, by reducing profits, diminish the main source of finance for business investment. For expenditures to recover, banks must be willing and able to extend

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<sup>16</sup> George, S., *idem*.

<sup>17</sup> UNCTAD, *Trade and Development Report 1992*, UNCTAD, Geneva, 1992.

loans.<sup>18</sup> This increased pressure on the banks, in the United States and elsewhere, is reducing the pace of their lending. Banks are becoming more prudent, they reduce the funds available to firms; basically, we are in the process of a debt deflation which the developing countries are the first to endure.

Let us now compare these notes with the concrete situation of a country that is faced with the need to negotiate an economic reform programme where its point of departure is how to deal with the debt issue.

Is it possible to reasonably conceive a development policy or strategy with monitoring targets, objectives and results in such an environment? It is probably logical and acceptable that any proposal, be it in the form of a dictate or not, would have to be endorsed by the recipient. It is, nevertheless, possible to pretend that the economic reform is home-grown, unavoidable and part of a process of transformation that has an endogenous wheel. However, the standardization of the proposed interventions in the packages elaborated by international financial institutions allows us to think that perceptions and reality are totally different.

In the South Commission Report, the north/south dialogue is well described. It started in 1974, and as they put it, it is now "completely broken down". Again, any meaningful negotiations ended at UNCTAD VI in Manila in 1979.<sup>19</sup> The momentum gained by this dialogue between 1974 and 1979, "was undoubtedly spurred by the fear of the developed countries that the newly found assertiveness of the south after the rise in oil prices in 1973 could lead to a damaging confrontation. For as long as that threat was perceived as possible, the north kept the dialogue going. When it subsided, the north withdrew."<sup>20</sup>

#### 1.4 Catharsis movement

As convincingly presented by Landell-Mills, "after independence, both donors and many western-educated African leaders acted as though they were convinced that development could be achieved by the systematic application of rational "modern" techniques and concepts, using state institutions based on Weberian bureaucratic principles that were not compatible with the beliefs and practices of African society. Little serious attention was given to the possible enhanced role of indigenous institutions."<sup>21</sup> His cry joins those of certain African intellectuals like Axelle Kabou or Daniel Etounga-Manguelle that are be-

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<sup>18</sup> UNCTAD, *idem*.

<sup>19</sup> South Commission, *The Challenge to the South*, Oxford University Press, 1990.

<sup>20</sup> South Commission, *idem* p. 216.

<sup>21</sup> Landell-Mills, *idem*.

coming references on the interpretation of African refusal of development.<sup>22</sup> Unfortunately, Landell-Mills' interpretation, although referring to history, does not consistently review the values that would drive Africans to development. While recognizing that the recipes are not working, there is no serious attempt to look into an indigenous proposal for growth and development.

It looks like democracy, for instance when bound to fail, will be imposed. In other words, conditionality is applied in the name of the destitute. Outsiders promoting "grassroots" and "participatory" developments will show the path. Some feel that role belongs to the international organizations. The UN Secretary General says that, "Authoritarian governments have given way to more democratic forces and responsive institutions. People can see that economic opportunity does not exist beyond the narrow choices of the recent past. Conditionality is now a growing tool for change. Many governments make good use of it in their search for more open forms of economic policy. We have entered an era marked by a world-wide sense of dynamism and movement."<sup>23</sup> Of course, the UN Secretary General does not preclude the possibility of some not making good use of conditionality.

If the new neo-liberal solution is going to be the guide for these new interventions, then there is a need for some consistency. Otherwise this solution will be subject to the interpretations of those who believe there is a need for re-colonization. Re-colonization interpreted as a way of linking marginal and peripheral societies, rejected by the economic mainstream, unable to find an answer to their problems, in the present global economic system. It is certainly not a coincidence if an article entitled "Colonialism's Back—and Not a Moment Too Soon" is published in our days in the well-established *New York Times Magazine*.<sup>24</sup> The author's conclusion that some African countries are just not fit to govern themselves is a call for catharsis.

There are several ways of considering a catharsis. Let us start afresh; let us start from scratch; let us wash out the past; or let us pause for a new beginning, may sound alike. However, the point of departure might be based on a different set of assumptions. Those feeling a defeat can only be Africans or those who espoused their cause.

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<sup>22</sup> Kabou, A., *Et si l'Afrique refusait le développement*, L'Harmattan, and Etounga-Manguelle, D., *L'Afrique a-t-elle besoin d'un programme d'ajustement culturel?*, L'Harmattan, Paris, 1991.

<sup>23</sup> United Nations, "New Concepts for Development Action in Africa", Secretary General presses for continuing policy changes and long-term development support, *Africa Recovery Supplement*, New York, March 1993.

<sup>24</sup> Johnson, P., "Colonialism's Back—and Not a Moment Too Soon", *New York Times*, 18 April 1993.

## 2. African Economic Reality

Contrary to what the title of this section may suggest we are not aiming at comprehensively describing the present situation of the African economies. Our intention is rather to introduce four elements that we consider essential to give a sense of direction to the perceptions introduced previously.

A revisit to the different lessons learned enables a review of the main models proposed for the formulation of economic policies for the continent. The models will have to be confronted with the African economic values and attitudes, in posing the question of possible resistance to markets. These domestic factors count as much as the exogenous shocks that all contributed to reduce development to adjustment in the policy formulation of the 1980s and, so far, the 1990s. Structural adjustment became unavoidable, a matrix for all destinations and comebacks, a reference for all positioning, be they in favour or against.

### 2.1 Lessons from experience

The main lesson Africans are expected to comprehend is that development is an internal effort, first and foremost. The application of development models, as logical and appropriate as they may sound, is bound to fail if they are not anchored in solid historical and cultural ground. An important lesson that has been repeated to exhaustion, even by those who did everything to undermine such an undertaking by promoting what we designate as *Õmore of the sameÓ*.

As a matter of fact, development theory, although not born for Africa, became as time passed more and more associated with the continent. It is not a coincidence if the fading of development economics comes at the same time as the disillusionment with Africa's prospects.

The experts on development modelling are tempted to give up. And as has been done in the past, the blame for the failing *cure* is once again attributed to the patient rather than the doctor.

We first adapted Keynes to the human face. Gunnar Myrdal described the "Asian drama" to explain his doubts on the prospects of such a poor region. He was dismissed temporarily to accommodate the planners of the new school of the basic needs theory. Those insisted too

much on social considerations and long-term investment in human capacity. Not economically sustainable! So, once again, the focus was re-cast. Import substitution and other innovative proposals also proved to be difficult to root in Africa, worsening the macro-economic equilibria. Programmes of stabilization soon became fully-fledged structural adjustment programmes. The commonality of all these economic frames of reference is their theoretical development outside the continent, with very limited involvement of the latter.

On the institutional front the picture looks the same. In the 1940s and 1950s the prominent role to be played by the state in the economies was common wisdom. This was a “normal” development after the failure of the market between the two world wars, and after World War II in Europe. The state was entrusted with the functions of planning macro-economic policies, trade and investment; in one single word *regulating* the economy. Myrdal, Singer and Prebisch were all for an even more enhanced role of the state in the least developed economies.

Africa’s record on this account cannot be singled out from the other developing regions. State regulation was welcomed and encouraged. The World Bank was then only too keen to lend capital to state-run investments, particularly on infrastructure. As mentioned by Brett Öthe current crisis has now produced an almost complete reversal of this orthodoxyÓ.<sup>25</sup>

The changing role of the state is firstly a problem of the industrialized countries. As well described by Michel Crozier,<sup>26</sup> in his numerous books on the subject, the de-industrialization is a normal phenomenon of development that comes with a radical change in the area of employment. Industry is more effective as it throws out as many workers as possible. Industrial employment diminishes by an average of 1.5 per cent a year in all developed countries. It’s unstoppable and irreversible. The logic of innovation has become more important than rationalization. To cope with this alarming political liability, governments more and more propose ad-hoc measures to reduce the burden on enterprises faced with stiff competition world-wide. By limiting their resources states have no option but to buy themselves out of as many businesses as possible. It is the end of the welfare state and regulation.

Triumphant liberalism commands the new, but limited, role of the state in the north. Why would it be allowed to be different in the south?

The difference, as for other political predicaments, assessed later in this paper, is the stage attained by the economies of individual countries. How far can Africa cope with the innovation and

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<sup>25</sup> Brett, E. A., ÖStates, Markets and Private Power in the Developing World: Problems and PossibilitiesÓ, IDS Bulletin, Sussex, 18.3, 1987.

<sup>26</sup> Crozier, M., ÖL’État bloquéÓ, *Le Débat*, Paris, January 1989, and ÖDe l’État de grâce à l’heure du choixÓ, *Le Débat*, March 1982.

complexities needed in the present markets? Not far, with the harsh realities attached to the external debt.

Whether we like it or not, Karl Marx' assessment of state role and ideology in "The Capital" is still an important reference to understand how class controls state. Call it group, lobby, or institutional interest; but it is obvious that the market needs to be balanced by equity that state is in a unique position to regulate. The recognized role of civil society is a recent acquisition in Africa, and remains, although changing fast, an urban phenomena. The lesson to learn is how to balance state role with markets and how to ensure that the liberal market concept does respect and integrate African values.

One way forward is to follow Edward Jaycox', Vice-President of the World Bank for Africa, recent call for a more internalized design and implementation of economic reform programmes.<sup>27</sup> The difficulty with such a proposal is that it assumes the moment the local expertise is in fact more involved in the design and monitoring of the externally designed reform programmes than with any models of their own. We know this will only be possible to change when they also own the power to transform the present systems.

## 2.2 Resistance to markets?

The present systems are based in the following background:

Ten years after the beginning of the massive applications of adjustment packages in Africa, three generations of policies can be distinguished. The initial adjustment policies were aimed principally at a stabilization of the economy through short-term demand management measures. Soon it became clear that such policies caused considerable losses of output without, however, removing the underlying causes of balance of payments disequilibria. By the mid-1980s, these policies therefore gave way to a second generation of more comprehensive policy packages aimed at "structural adjustment" ... A third "generation" of adjustment policies which squarely acknowledged the importance of social factors as well as the need for structural change and long-term sustainable growth.<sup>28</sup>

The systems are becoming more and more comprehensive. Their comprehensiveness is supposed to be responding to growing concerns about their impact, and effectiveness, as well as their rooting into domestic economies. Is the assumption of failure and defeat to be associ-

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<sup>27</sup> See text of Mr Jaycox' statement in the 1993 African-American Institute Annual Conference, delivered 20 May. He then announced what he called a new way of doing business at the World Bank, which basically relies on local expertise. He proposed, for instance, that in future no proposals which included expatriate technical assistance be approved.

<sup>28</sup> Cornia, G. A., et al., idem, p. 3.

ated with the theory and the concept of structural adjustment or rather to the assumptions regarding the domestic “beneficiary” environment? In other words, has Africa been measured as fertile ground for such policies or are we obliged to review the diagnosis, once again?

For some time now a growing number of African intellectuals have been insisting on the need to understand African economic behaviour. The success of south East Asia, now more and more linked to the successful combination of market-oriented policies and respect for local culture and traditions, is a renewed incentive for a revisit to such African economic psychology.

Is there in Africa a resistance to integration into the world economy, a dismissal of progress and development as proposed? This question is more appropriate than a simple equation of resistance to markets. A look into African economic history will reveal the existence of vigorous markets throughout whatever historical period is studied.

The secrecy and absence of boundaries separating collective and individual functions as well as economic utility are common features of African economic psychology well known to historians. These three pillars are to be included in an all-range of values and attitudes to which the most common are:

- a) Primacy of consumption over savings, with a typical tendency to what a westerner would classify as “waste”. (Willingness to feed dozens of friends and relatives can be done to your own deprivation.)
- b) Economic success is associated with consumption not production.
- c) Need for family cohesion and security, which can be assured through prestige consumption.
- d) Prestige is the symbolic notion of power and the only recognizable value attached to money and assets. Consumption can have a religious meaning justifying even further the disdain for accumulation.
- e) Prices reflect more social relations than the law of supply and demand, (with the stereo-typical example being where the richest have to pay more even if they are buying a larger quantity).
- f) Savings are associated with a calculated attitude reproved by society.
- g) Public wealth is to be used individually not collectively as state or institutions are resented as “foreigners”.

As Samir Amin states, the debates on development are more and more becoming aware of historical specificities peculiar to different countries or regions and the “truncated” character of the world market, reduced to two dimensions (goods and capital) excluding a third dimension, the labour market. This implies what he calls polarization of capital expansion at world level with a prime consequence, the non-respect of the basic principles of Keynesianism.

ÒThe weakness in the social democratic compromiseÓ to which present economic policies are a response, advocates an unconditional return to the market without necessarily acknowledging all the dangers of a structuralist approach that influenced so much the Keynesian theories. ÒThese dangers are not merely related to what are usually seen as essential economic problems, but also to the larger, and in the last analysis perhaps even more important, political problems associated with themÓ, says Brett.<sup>29</sup>

Experiences, like the ones from Korea and Taiwan, show that market oriented economies can be nurtured by a mix of state interventionism and protectionism, in areas like direct control of a wide array of resources, as well as distribution of equity to develop access to the market for a large population. The regulator role of the state is essential to eliminate monopoly and to avoid Schumpeter's definition of Òcreative destructionÓ when large enterprises capable of exploiting a niche and reducing costs systematically destroy the market position of small businesses. These concerns of Keynesian theories seem to be absent from the structural adjustment programmes designs especially in their orthodox version.

To avoid polarization it is then essential to interpret reformist strategies in their political and cultural contexts.

Is it true that the political basis for the economic reform programmes are indigenous? If so, which interests are the indigenous partners concerned with? In the new political movements is there any basis to sustain the agenda set by these economic reform programmes? In which way do they relate to African economic behaviour? Do we have a basis for a genuine and indigenous reform process that will contribute to growth and equity, without harming Africa's own cultural pillars?

### 2.3 Exogenous shocks

The dependence school led by Samir Amin developed what Mkandawire classifies as ÒradicalÓ raptures which were formulated in such a way as to render them immobilizing by sheer weight of their "implausibilityÓ.<sup>30</sup> Their basic argument was the absence of possibilities of sustained accumulation in the developing countries. The reality of our days is that the attribution of responsibilities to external factors developed a stagnationist attitude and a deterministic and one-sided view. For instance, Mkandawire says, ÒAfrican governments have had important domestic constituencies and agendas which were not always compatible with the international systemÓ.

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<sup>29</sup> Brett, E. P., *idem*.

<sup>30</sup> Cornia, G. A., et al., *idem*, p. 297.

This externalist view of the economic evolution of Africa is now marginalized and has been replaced by the emphasis on internal factors like “lack of political leadership, ignorance, poor policy-making, class or interest group conflicts, pre-modern ties which vitiated modern statecrafts and so on.” Needless to say, this pendulum shift is also out of sight. What is really essential is to understand the various *internal* elements influencing the diagnosis and compare their relative importance with the exogenous factors.

The UNICEF study on Africa’s recovery points to four major external shocks.<sup>31</sup>:

- African exports stagnated and lost market share.
- The increase in the prices of manufactured products and fall of African traditional exports, namely cocoa and coffee, have made terms of trade deteriorate further.
- Nominal interest rates on debt mushroomed to record levels.
- Gross and net inward capital flows dropped drastically.

In addition to these four external shocks, UNICEF reminds us of the severe effects of the drought of 1984/85; the development of the AIDS pandemic and the continued civil strife. Although these elements are not new to the World Bank, their well-known report on the long-term perspectives of the continent<sup>32</sup> disappointingly insists that economic problems of Africa are not primarily due to external factors, but rather to internal incompetence. It looks very easy to let the international financial institutions and the global economy system off the hook.

It is particularly difficult to resist the temptation of reviewing the impact of commodity prices on the continent. A lot has been said about it and the situation is well-known. During the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) years, Africa’s export purchasing power fell sharply with an average of about 54 per cent for the second half of the 1980s compared to 76 per cent for the first half. This represents a situation that no other region of the world has experienced before. This decline has also to be compared with the failure of the international community to provide the additional USD 9 billion a year, proposed by the same UNPAAERD.<sup>33</sup> Even official development finance institutions, which represented 80 per cent of the net flows, did not compensate the loss mentioned above. Net disbursements from the international financial institutions also decreased significantly in the last three UNPAAERD

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<sup>31</sup> Cornia, G. A., et al., *idem*, p. 11.

<sup>32</sup> World Bank, *Sub-Saharan Africa from Crisis to Sustainable Growth*, World Bank, Washington D.C., 1989.

<sup>33</sup> *Africa Recovery*, United Nations, New York, Volume 5, 2/3, September 1991.

years. The trend continues with a net outflow of resources in the first two years of this decade as pointed out in a UN report.<sup>34</sup>

According to an UNCTAD report Africa could be worse off by nearly 700 million USD a year, with complete liberalization of trade imports. The negotiations in the Uruguay Round can have a stronger impact, simply in terms of the net foreign exchange effect. If the welfare effects are included, the costs rise to USD 950 million. According to the same UNCTAD report, the simple removal of export subsidies would cost Africa USD 256 million in foreign exchange.<sup>35</sup>

The impact of commodity prices on the overall economy seriously questions the policy supported by the international financial institutions of using Africa's traditional exports as the basis for the application of the theory of comparative advantages. It has now become obvious that the most single important mistake in policy design in structural adjustment programmes is the assumption that macro-economic equilibrium will be attained through a rise in exports coming from traditional products. First, comparative advantages do not work any longer with the principles of the 1970s. Second, there are other regions competing for the same niches with better environments and access to capital, as well as superior productivity. Third, market access for developing countries is, today, confronted with protectionism from the north. Finally, this assumption is based on the accepted principle that African markets, once again, will develop the way the economies have been oriented in the past: without a domestic base and without respecting indigenous elements.

## 2.4 Adjustment and development

In 1981 the Berg Report proposed a new approach for development in Africa:

Africa's disappointing economic performance during the past two decades reflects, in part, internal constraints based on 'structural' factors that evolved from historical circumstances or from the physical environment. The internal 'structural' problems and the external factors impeding African economic growth have been exacerbated by domestic policy inadequacies, of which three are critical. First, trade and exchange-rate policies have overprotected industry, held back agriculture, and absorbed much administrative capacity. Second, too little attention has been paid to administrative constraints in mobilizing and managing resources for development; given the widespread weakness of planning, and management capacities, public sectors frequently be-

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<sup>34</sup> *Africa Recovery*, United Nations, New York, Volume 6, 3, November 1992.

<sup>35</sup> *Africa Recovery*, United Nations, New York, Volume 4, 3/4, October 1990.

come overextended. Third, there has been a consistent bias against agriculture in price, tax, and exchange-rate policies.<sup>36</sup>

No one would have suspected at the time that ten years later the word "structural" would be on the lips of street vendors in Nouakchott, peasants of Zimbabwe or professionals of Burundi. Elliot Berg can be happy with the fact that the word he launched in 1981 has become the "meaning" of development in Africa.

It would be superfluous to describe the recent history of structural adjustment programmes implementation. It has been done many times over. All arguments in favour, or against, have attained the level of exhaustion.<sup>37</sup> The recent UNICEF study reminds us, however, that 241 adjustment programmes were initiated in collaboration with the IMF and the World Bank by the sub-Saharan African countries between 1980 and 1989. On average, each of the 36 countries studied by UNICEF undertook seven adjustment programmes in the 1980s. Some had 10 or more programmes and only a few countries, representing less than 6 per cent of the total population of sub-Saharan Africa, had not initiated any programme by 1989. The results are astonishing:

- Capital accumulation slowed in 20 of these countries. In 75 per cent of the countries under adjustment capital accumulation was lower than in the early 1980s. In 1987/88 the gross investment/GDP ratio was 30 per cent lower than in 1981/82 as net investment decline was even greater.
- Public investment was reduced dramatically.
- Direct foreign investment stagnated at very low levels.
- Share of manufacturing in GDP rose in only 6 out of 24 countries between 1982 and 1988.
- Only 6 countries had growth in export volumes above 5 per cent. In 13 countries volumes stagnated or diminished.

According to the same UNICEF study, only one country—Mauritius—appears "to have simultaneously achieved the four objectives of stabilization, growth, the protection of vulnerable groups and structural adjustment. Another five countries, Guinea Bissau, Mali, Mauritania, Senegal and Zambia reached 3 of the 4 objectives".<sup>38</sup>

As we would all agree, the five countries that follow Mauritius in terms of achievement are all basket cases as far as economic recovery is concerned. If we, once again, compare GDP growth with population

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<sup>36</sup> World Bank, *Accelerated Development...*, p. 4

<sup>37</sup> See for instance, Havnevik, K., *The IMF and the World Bank in Africa. Conditionality, impact and alternatives*. The Scandinavian Institute of African Studies, Uppsala, 1987.

<sup>38</sup> Cornia, G. A., et al., *idem*, p. 18.

growth using World Bank figures, there is a drop of 1.1 per cent *per year* during the decade. These indicators are self-explanatory.

Nevertheless, it is important to realize that only 21 out of 241 programmes were abandoned or terminated before the deadline—in other words, 75 per cent of all programmes met the conditions set by the World Bank, resulting in compliance with the tight monitoring mechanism established by the Bretton Woods Institutions. Poor compliance cannot, therefore, be considered the main cause of the poor performance of the 1980s.<sup>39</sup> It is, then, unacceptable that the IMF and the World Bank have become net recipients of resources from sub-Saharan Africa during the same period.

As it is noticeable, the indicators mentioned so far do not include the social impact, as the main rationale for economic reforms was certainly not social, at the beginning of the process. When reviewing the social impact, the World Bank acknowledged the fact that structural adjustments implementation led to deteriorating living conditions on the continent. They recognize that the foundations for sustainable growth cannot be secured if Africa's human capital depreciates: "That there are gainers and losers from policy reforms is an inescapable part of the adjustment process in its early stages, since the structure of output and expenditures undergoes substantial change. But who gains, and who loses, is critical."<sup>40</sup>

The enormous amount of work devoted to poverty alleviation certainly shows the World Bank's concern and interest in addressing the external shocks to the households. They would like to conceive programmes which are more cost effective in reaching the poor and are worried about the protection of the levels of expenditure of the various categories of poor people (chronic poor, new poor, vulnerable groups). In a recently released report, Oxfam, a major UK non-governmental organization, challenges these World Bank concerns. They claim that it is high time for a complete change in the way economic policy is formulated in Africa. In the Human Development Report of 1991 UNDP also pledged a radical change in what it called "Global Governance", to ensure more participation of the recipients in the definition of economic reforms.<sup>41</sup>

The World Bank is highly self-critical of its performance as well, as demonstrated in their RAL III Report.<sup>42</sup> "Adjustment has left much to be desired in terms of restoring growth and social welfare to sub-

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<sup>39</sup> Cornia, G. A., et al., *idem*, p. 47.

<sup>40</sup> World Bank, *Making Adjustment Work for the Poor*, World Bank, Washington D.C., 1990.

<sup>41</sup> Oxfam, *Africa Make or Break*, Oxfam, London, 1993. UNDP *Human Development Report*, Oxford, New York, 1991.

<sup>42</sup> World Bank, *Adjustment Lending and Economic Performance in Sub-Saharan Africa in the 1980s. A comparison with other low income countries*. World Bank, Washington D.C., 1992.

Saharan Africa. The document still insists that the lower level of development in this region is marked by inadequate human resources, poor institution development, crumbling infrastructure and poor governance. The report does not acknowledge the budgetary constraint of external debt, and again downplays the exogenous shocks and only adheres to the idea that the programmes were too ambitious and included too many conditions to ensure sustainability. The Bank now concedes that the economies of the various African countries are not as uniform as they appeared to be in the Berg Report, but we are still far away from the acknowledgement of specificities, instead of standardization.

### 3. Major trends and challenges

The Lagos Plan of Action constitutes a consensual direction for Africa's long-term perspectives. However, the general nature of the plan does not suffice to identify clear strategies for the implementation of those goals. A comparative look between Africa and other developing regions, that faced similar economic problems in the past, shows that in this continent, also, there is potential for growth and development. The endogenous nature of development recommends therefore that the major trends be taken into account when identifying challenges that are attainable and for which clear strategies will have to be defined.

This paper's intentions are limited to the provision of alternative *diagnosis*. In that sense, the coverage under this heading is also limited to providing a set of arguments for what we consider to be the four major challenges ahead.

African culture must be the basis for the preservation of social elements that will enable these societies to build political and institutional models to preserve existing capacities, as well as generate new ones in a context of growing urbanization. The human capital development is essential for any enterprise. Providing equitable and social services and creating conditions for learning for innovation are an essential element for any strategy towards growth. A revolutionary change in agriculture is also a major preoccupation for all Africans concerned with the need to feed the population and protect the environment. Finally, a critical element is the linkage with the global economy that will be accessed, together with mobilization of resources, be they domestic or external.

#### 3.1 Building social and political models

Institutional capacity reform pledged by donors is now translated into the word *governance*. This word covers different meanings depending on the context and the interest of those who use it. When referring to oppression, corruption, and other preoccupations with accountability and human rights respect, it should be welcomed. Nevertheless, it is important to refer to the amalgamation more and more commonly associated with this expression.

When governance is associated with political conditionality it is irresponsible and unacceptable as stated by Jan Pronk. The range of conditions for development assistance is getting broader and broader—there are limits on conditionality. Donors must prioritize. He agrees that the use of aid to foster democracy and human rights may have reached its limits.<sup>43</sup> Institutional changes are not going to be sustained if, once again, they do not result from an endogenous process.

Although we realize that the democratic drive is meant to produce a political liberalization, enabling more transparency in public affairs, and effective accountability of governments, the participation of citizens in such a system is not synonymous with multi-party democracy and parliamentary elections. Governance encompasses the need for transitions that may result in only a fragile democratic renewal throughout Africa.

Thirty years of nation-state theory cannot be deleted with legalization of opposition parties. African economic culture and political and moral values go beyond these 30 years. Democracy cannot be sustained in a context of economic crisis with countries under pressures that will not enable them to make any changes of their own, but rather apply standardized economic reform packages, that entail political compromises, political bases and specific objectives and targets which are imposed from the top, and maybe from the outside.

It is interesting to motivate the expression of civil society, give it a voice and an opportunity to participate at different levels of government and decision-making. But is it a *pre-condition* for development and growth, or a *requirement* that fits the expression of the civil society itself? We are convinced that the present struggles of the African populations are related to the economic crisis, distribution of income, with objectives of equity, rather than a struggle inspired by values that are imported. Imported in the sense that they have not been framed to the local culture that is, for instance, more respectful of minority privileges and that calls for a more participatory approach than the one proposed by non-endogenous models of democracy.

In such a context it is difficult to imagine that democracy is going to be proposed without the participants and actors having access to the tools which will enable them to fortify their indigenous values and also without an instrument which has been catalytic in forging the institutions that have compounded democracy in industrialized countries: the state. Political liberalization may be required, but is coming a little too soon for African states to sustain. A state that is under attack, no longer supported, eroded in its power and influence caused by its dissociation from internal elements, its lack of understanding of market values, as well as its incapacity to act as an intermediate force with

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<sup>43</sup> *Africa Recovery*, United Nations, Volume 6,2, August 1992.

the external powers cannot, in Africa, play the role it played in industrialized countries.

With this background, which institutions and models are going to sustain the democratic drive in Africa? With which economic basis? It looks like stabilization is becoming the top item on the agenda, relegating to marginal places all preoccupations with institutional systems that can follow behaviours determined by Africa's history and cultural realities.

The pre-colonial period points to five main elements which should be respected by any serious institution building attempt:

- Reference codes playing the same role as modern constitutions.
- Effective counter-powers.
- Effective participation of organized groups of the society in the decision-making.
- Highly decentralized economic structure.
- Rapid adaptation of the systems to the social changes in the society.

From these five elements it is possible to conceive that, in the pre-colonial times, in most parts of Africa, citizenship was associated with social participation, whereas in modern times it is associated with production.

As African countries become more and more populated, and the younger urban generation takes precedence in numbers the whole structure of the society changes; together with the institution-development proposed by the theory of nation-state. Not only was national integration never achieved, for reasons that we will not elaborate on in this paper, but also the social participation of a large number of people, especially the young people, is restricted and limited. The prospects for their access to jobs in the formal sector is gloomy, the decline in social services, the spread of aids, and the overall impact of social adjustment programmes, send signals that reinforce the lack of access to the modern economy, the modern institutions and, more importantly, social participation.

In this context it becomes extremely difficult to preserve capacities and human capital, the only factor that could stabilize societies through the building of alternative strategies.

### **3.2 Human capital**

It is well known that population growth rates in Africa exceed economic growth. Africa has the world's highest population growth rate with the amazingly lower life expectancy (of 53 years). By the end of this century, Africa's population will be around 800 million. According to

UN population projections by the year 2050, Africa will have exceeded 2 billion 265 million people. These estimates incorporate the consequences of the aids pandemic. This population estimate is to be compared with China, that will have 1 billion 521 million, India with 1 billion 699 million, or all developed countries that will have 1 billion 233 million in the same period.<sup>44</sup>

According to the World Bank, the number of poor in sub-Saharan Africa will increase from 85 million in 1990 to 265 million at the end of the century. This represents an increase of 16 to 32 per cent of the African share of the world's poor. If the world economy has a slow growth pattern, these estimates will certainly increase. Under these circumstances it is essential to expedite the discussions about the fate of Africa and ensure conclusive debates on the mechanisms to reduce the adverse effects of the present economic system. For instance, the debt issue becomes a bombshell.

Any meaningful debate on the nature of social needs in Africa has to be linked to the discussions on population growth. It will not be possible to dissociate this main factor from any strategies that will have to be considered. It is, therefore, of critical importance to measure the long-term impact of any attempts to diminish investment in human capital. This is the single investment that cannot be performed regressively. Recent debates about capacity building have evaded the need for preserving capacities as much as building new ones. This challenge is still unaddressed.

### **3.3 Revolutionary change in agriculture**

The need to feed the African population is an agreed major objective of all governments and institutions currently involved in economic policy formulation. Hunger is, by all means, the most dramatic consequence of this continental weakness. But when hunger is not even present the absence of an internal sustained production of basic foodstuffs is as dramatic, economically. The diversion of energy in this sector, without tangible results, is a serious bottleneck for any growth attempts.

As stated in the Lagos Action Plan and more recently in the Abuja Treaty food self-sufficiency is, and should be, a major long-term objective of the continent. No single region in the world has been successful in their development without first becoming capable of feeding themselves, be it through their own production or through good use of their Ôcomparative advantageÓ.

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<sup>44</sup> Population Reference Bureau, *The UN Long-Range Population Projections*, PAD, Washinton D.C., 1992.

Contrary to the common view agricultural outputs grew in Africa since the 1970s at a consistent pace. The performance is comparable to other regions of the world. Africa's self-sufficiency problem is a result of a growing population contributing to production per capita decline of about 15 per cent since 1970. The slow climb of productivity did not match the population growth. However, productivity and technological improvements are not the only reasons to explain this poor record. Subsequent drought in eastern and southern Africa and desertification in the Sahel contribute significantly to the outputs registered. Much effort and research have not improved the situation in the last two decades.

As stated by the UN "successful agricultural growth strategies should lay particular emphasis on generating jobs and incomes for the poorest groups. This will usually mean investing most resources in small-scale agriculture".<sup>45</sup>

Such a move cannot be separated from a whole range of radical changes in the way land, resettlement, access to technologies and credit has been considered so far. Price incentives and deregulation will not suffice. The market approach has to be adapted to the development of internal demand rather than the use of "comparative advantages" principles for a further investment in traditional agricultural exports. Finally, farming systems will have to be an integral part of a global new approach that will invest in the primary sector as a basic pillar of economic growth and major contributor to the development of other sectors.

Such a change would represent a revolution in agriculture. A revolution that will have to integrate ecological concerns to be environmentally sound and sustainable. A revolution that will have to recognize the economic contribution of women and that will create devices to foster their access to the economic wealth and decision-making. A revolution that will make use of Asian lessons on agriculture, as they use agriculture to feed themselves rather than to raise export earnings.

It is essential to shift away from "colonial crops", tied by agreements and international price regulation uncontrolled by producers. Incentives like the ones included in the EEC-ACP Lome agreements are equivalent to gold panning: after a long effort the compensation looks goldish, but is so little that it does not provide enough income to access the non-gold commodities needed to survive.

Small-scale farming using alternative methods like new tillage practices, plant nutrients and alternate planting are now in use, with excellent results, in various regions, including some parts of Africa. If policy makers overcome their anti-rural bias it will be possible to transform African agriculture.

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<sup>45</sup> *Africa Recovery*, United Nations, New York, Volume 6,3, November 1992.

### 3.4 Mobilize resources

The present times announce dramatic reductions in capital flows towards Africa. ODA is going to be the most noticeable decrease in real terms. Africa's capital needs are voraciously big, if compared to present flows, but certainly minor and negligible on a world scale.

Real resource flows to the continent fell from 24.6 billion USD in 1986 to 23.3 billion in 1990 (in 1986 dollars), according to UNPAAERD data. The fall in real net resources is partly due to the significant reduction in private flows in the 1980s.

With the rapid deterioration of the continent, a big portion of the official development assistance in the 1990s is expected to be diverted to humanitarian and emergency assistance. This effect, combined with a sharp decrease in ODA as such, will certainly contribute to a consistent pattern of net outflows of capital from the continent. It is then possible to say that the mobilization of resources has to be a major effort that will only be sustainable if it is part and parcel of an overall strategy for the economic development of the continent. There is, however, availability of funds in the World Bank, for instance to the tune of USD 14 billion from previous IDA stocks without counting on the present 1993 replenishment. Close to 20 million is available and barely used, given the difficulties with disbursements, resulting from implementation bottlenecks in the various structural adjustment programmes.

Once again, debt is by far the most important issue to be addressed: Proposals about easier terms of borrowing, greater injections of capital, re-scheduling of loan repayments and/or debt forgiveness (partial or complete) are merely suggestions for more of the same alleged remedies. Some have advocated debt-for-equity or debt-for-nature swaps, which are either a more explicit form of imperialism or a relatively minor haven (albeit gathering much publicity), while others have even talked about default, says Susan George.<sup>46</sup>

UNDP's Human Development Report mentions, also, the important impact of disparities in the market in areas such as trade, commercial bank lending and foreign direct investment.<sup>47</sup> UNDP insists that international lending fluctuates widely with rapid increases and decreases in flows, "the cyclical nature of the flows"; contributes to the deterioration of the terms of trade and makes it easier for creditors to affect the most vulnerable.

It is obvious that the present financial system does not include a reliable mechanism for providing development finance to the south with the security and continuity that is required. Such a mechanism exists for instance within the European Economic Community to

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<sup>46</sup> George, S., *idem*.

<sup>47</sup> UNDP, *Human Development Report*, Oxford, 1992.

transfer funds through incentive private direct investment, commercial financial flows, as well as official development assistance from the richer to the poorer countries of the community. Different alternatives that have been developed to reform the international financial monetary and trading systems, including the establishment of contingency mechanisms for resource flows to ensure the orderly continuation of development efforts in the face of unforeseen shocks and uncertainty, as underlined by the south Commission, have not been achieved so far.<sup>48</sup>

Under these circumstances, how can an ambitious plan like the Abuja Treaty materialize?

The three branched strategy for the implementation of the Treaty, during the first 10 years, provides for:

- the extension of vital physical infrastructure and associated services in all regions;
- the integrated development of productive capacities in agriculture and basic industries, with the aim of laying the foundation for equitable distribution of the industrial base; and
- the integration of national economies into the sub-regional market through a programme for trade liberalization.<sup>49</sup>

How can this be achieved with the present resource mobilization trends? It is more plausible to believe that, once again, this frame of reference does not take into account, fully, the adverse impact of relying on external resource flows that will not be forthcoming.

And what is the situation regarding domestic resources? It is now widely accepted that any strategy for increasing capital stocks in Africa will have to rely on greater export substitution and regional import substitution as proposed in the UNICEF alternative.<sup>50</sup> This proposal joins quite closely the ECA alternative framework for structural adjustment programmes. Although not dismissed by the major international institutions, it is still not possible to evaluate how realistic these strategies will be without dramatic changes in the debt issue and development of an indigenous reform package.

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<sup>48</sup> South Commission, *idem*, p. 222.

<sup>49</sup> ECA, *Proposals for the implementation of the Abuja Treaty Establishing the African Economic Community*, ECA/CM 19/7, 18 February 1993.

<sup>50</sup> Cornia, G. A. et al., *idem*, p. 164 and chapter 13.

## 4. Mirrors of the Past—Mirrors for the Future

The main lesson derived from the diverse information provided previously in this paper is the need for an integrated approach to development, an approach that takes into account the linkages between the economic and the political and cultural factors, all counting for a social equilibrium. Our presentation of the challenges now makes it necessary to quickly revisit two areas where Africa's role will have to be considered on the basis of its historical background:

The continental role in the world economy, as well as in the present democratic debate. Such an exercise will enable us to define priorities that are in agreement with African values.

### 4.1 Africa's role in the world economy

Africans will have to decide whether they want to recuperate or build their own development model.

The globalization of the economies is now attaining levels that were never suspected by Smith, Keynes or Marx. Financial markets are now the most important element of capitalism. Control of those reflects power, the possibility of deciding on a whole range of other elements, including production.

The successive phases of the capitalist system (mercantilism, industrial revolution and fordism),<sup>51</sup> as well as the present phase have each defined a specific working process in relation to the dominant technologies, productive system, structure of international division of labour and a regulatory governance model that operates at the national and global levels. It is, therefore, important to examine which role is attributed to Africa in this system, as this will help us to understand, the logic that directs not only the evolution of the system but also the way the system legitimizes its proposal.

Only after understanding this complex situation would it be possible to realistically propose an alternative.

If it is accepted that Africa's historical challenge is to develop its productivity and productive forces, and if it is also accepted that the challenges listed above will be the main concerns for the definition of such

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<sup>51</sup> As Amin defines the period between 1920 and 1970.

an alternative, then it would be possible to develop in an integrated approach.

The example set by China with its present economic growth rates around 10 per cent a year shows the path. Let us not forget that one basic principle adopted by the Chinese reform programme is the need to control the pace of implementation. It goes without saying that another one is to refuse conditionality. The Chinese understand that there is a class nature in any *conditionally* composed model.

The catalogue of structural changes in the global system, reported by the South Commission,<sup>52</sup> calls for international economic cooperation as its absence is becoming increasingly harmful, especially to the developing countries. Africa's positioning is even more critical, given the recent background of imposition and conditionality.

## 4.2 Africa's role in the democratic debate

The world market has a new export product: democracy.

This product is confronted with three marketing difficulties: firstly, democratic conditionality is a risky business that will restrict the smaller countries, rather than the sharks (it is doubtful, for instance, that it will work with China). Secondly, morally speaking it is very difficult to appreciate democratic performance without referring, as many would be tempted to do, to economic methodology (following a step by step approach). We may end up with situations where the push for multi-party systems would be the most appropriate way to keep in power a discredited elite. Several examples in Latin America point in this direction and show the need to have principles rather than processes. Thirdly, there is a gap between the formal democratic performance and social participation. The simplistic approach thinks that one provokes the other. Examples from South East Asia show that economic progress is not necessarily provoked by democratic regimes and that economic recovery, most of the time, is done with social and political repression.

The idea of Africa not being ready for democracy is unacceptable. All countries, all people are always ready for democracy. But democracy is more than political and individual liberties. It is also social equity, which so far has not been equated as part of the deal. According to UNDP's Human Development Report the gap between the richer and the poorer of this world is worse than it has ever been before. "The

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<sup>52</sup> Including rapid expansion of transnational enterprises, expansion of the role of private banks, excessive growth of indebtedness, loss of comparative advantages for developing countries, shift from agriculture and industry towards services, growing instability, unpredictability and fluctuation in the functioning of the international economy, significant institutional changes, erosion of the multilateral trading system embodied in GATT.

bottom 20 per cent of the world population as ... of the wealth share. While 20 per cent better off consumes ... of the world's production."<sup>53</sup> Such a situation calls for a democratic international system were these facts can be discussed and subject to the same rules applying to the debate on democracy at a national level.

The African model of political democracy is certainly going to root in the tradition of an all-embracing community with a number of inequalities subsisting within it. The western model is based on the advancement of a few at the expense of the majority.

In terms of political expression real participation is also less important than formal participation in the western parliamentary democracy. Less and less people vote and most stable countries are literally run by a small minority of voters. There is a sense of incapacity to change the system and a belief, whether right or wrong, that the real power is elsewhere.

Does this mean that Africa has something better to propose? Not necessarily. But at least the dice can be thrown on the table once again.

Rousseau believed people could be forced to be free. His intentions were hurtful and sincere. Fortunately Montesquieu showed, convincingly, that freedom grows step by step, out of the history of a society and cannot be imposed. The same applies to democracy and its various models, since the trial of Socrates.

### 4.3 African values defining priorities

Historical memories sometimes have a limited time-span. For a long time Asian archaism was blamed on Confucius. Today Confucius is the hero that explains Asian progress.

It is not impossible that in a few decades we will reverse the opinion about African archaisms, still today associated with the pre-colonial times.

In a recent book Basil Davidson proposes an interpretation to this very same dilemma. In his opinion nationalism, for a moment, gave Africans national pride, a positive feeling about their culture and a looking forwards.<sup>54</sup> Today's feeling is *ÓdefeatÓ*, and the same Davidson contributes to that by intentionally singling out the negative rather than the positive in the book *The Black Man's Burden*.

Defeat has to be associated with our times. Hopefully it will not tomorrow be associated with democracy, now used as an utopia rather than a mediation instrument.

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<sup>53</sup> UNDP, *Human Development Report*, Oxford, 1992.

<sup>54</sup> Davidson, B., *The Black Man's Burden. Africa and the Curse of the Nation-State*, James Currey, London, 1992.

Very few African intellectuals are still in the mood of the nationalist years. Those who are very often deal with a long-term prospective. Only a few seem to be worried about the diagnosis.

Although we welcome the need for a forward looking vision, the latter has to anchor somewhere. The most appropriate terrain seems to be the African values, against a perspective that nationalism resuscitated to soon in African history. Such an exercise has been tried by a group that convened in Kericho, Kenya, in 1987, trying to foresee the Africa of 2057, a hundred years after Nkrumah led the way with Ghana's independence.<sup>55</sup> In their analysis the period between 1957 and 1980 is Òeuphoric and optimistic; from the 1980s to the end of this century is a time for trouble under the impositions of the international financial institutions; the subsequent period, until 2015, will be marked by readjustments on the political and economic front, that will reinvigorate and motivate Africans; the following era will be one of consolidation, growth and prosperityÓ.

This likely scenario is based on an astonishing collection of data and serious modelling. The idea first proposed by Akin Mabugunje is the way forward. Feeling of defeat is not going to solve Africa's problems. The opposite attitude, as the nationalist years proved, can do much better.

To subvert or invert the drive of African economies from the dependency syndrome towards a sustainable growth can only be achieved through a serious assessment of African values.

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<sup>55</sup> Achebe, C., G. Hydén, A. Pala Okeyo, C. Magadza, *Beyond Hunger in Africa: Conventional Wisdom and a Vision for Africa in 2057*, Heinemann, Nairobi, 1990.

## Conclusion

Development is a totality. It is an integrated cultural process comprehending values such as natural environment, social relations, education, production, consumption and well-being. Development is endogenous, it can only come from within society, which defines in total sovereignty its vision and its strategy, and counts first and foremost on its internal strengths and cooperating with societies that share its problems and aspirations.

The above definition of development, first proposed by the Dag Hammarskjöld Foundation in 1975 is still valid and referential.<sup>56</sup> However, as Susan George puts it 'One has to put that word [development] in quotes now—it has become too embarrassing to use otherwise'.<sup>57</sup>

In this paper we tried to demonstrate that a review of the diagnosis of the African crisis is an important bond in the process of transformation. Development will be attained when Africans realize they are the ones going to achieve it. It is not going to come from abroad.

Another bond, maybe the essential one in the short-term, is to recognize that the neo-classical monetary policies have not proven adequate to the African needs. Their record is poor and calls for an urgent change.

A change will be possible when the feeling of defeat is defeated!

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<sup>56</sup> In *Development Dialogue*, Uppsala, Vol. I, 2, 1975.

<sup>57</sup> George, S., *idem*.