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The Economic Situation in Contemporary Africa: Comment on Questions Posed by Lansana Keita

Patrick Bond* and Demba Moussa Dembele**

Abstract

The economic situation in contemporary Africa is highly problematic, creating populations that are in general much discontented with matters as they now stand. Africa's populations are now assailed by negative phenomena such as high unemployment; low wages in an environment of high prices (Third World wages and First World prices); low capital accumulation; banks that cater to expatriates of the wealthy mainly; human capital flight; political instability; questionable democracy; weak and inefficient infrastructures, all now supervised by the IMF and the World Bank.

Résumé

La situation économique de l'Afrique contemporaine est très problématique, avec des populations généralement très mécontentes de l'état actuel des choses. Les populations africaines sont maintenant assaillies par toutes sortes de phénomènes négatifs dont notamment un fort taux de chômage, des bas salaires dans un contexte de prix élevés (salaires du Tiers monde et prix les plus élevés du monde), une faible accumulation de capital, des banques qui se préoccupent des expatriés des principaux pays nantis, la fuite du capital humain, l'instabilité politique, une démocratie contestable, des infrastructures fragiles et inefficaces, et tout cela maintenant placé sous la supervision du FMI et de la Banque Mondiale

The following questions were put to two well-known analysts of the contemporary economic situation in Africa. They are Patrick Bond of the University of KwaZulu-Natal and Demba Mousa Dembele, Director, African Forum for Alternatives, Dakar, Senegal.

* Department of Development Studies, and Centre for Civil Society, University of KwaZulu-Natal, Durban, South Africa. Email: pbond@mail.ngo.za

** ARCADE, Dakar, Senegal. Email: dembuss@hotmail.com

Patrick Bond: Questions and Comments

Qn 1: On the recently released 2011 UN Human Development Index (key metrics are: i) life expectancy, ii) literacy rates and levels of education, iii) health with emphasis on children, and iv) multi-dimensional poverty levels. According to Mahbub-ul-Haq, 1990, and Amartya Sen who later streamlined ul Haq's model, the lowest rankings [there are four rankings, namely: very high development, high development, medium development, and low development (each being applied in respect of 43 nations), the majority (83%) of the lowest category being African nations. The highest rankings were garnered by Scandinavian nations whose economic systems could be described as versions of 'state socialism' [maximal government expenditures for human welfare as the social base with non-state productive enterprises allowed to operate].

PB: Thanks, it's a good place to start, combining aspirational and materialist analyses. As I read Scandinavian history, through the eyes of critical scholars like Gosta Esping-Andersen and Asbjorn Wahl, the main lesson for winning redistributive social policy within a broadly capitalist framework is to forge cross-class alliances and to transfer values and energy from working-class civil society into state policy, without being co-opted by reforms that in many cases tend to undermine or ossify the social-change movements. When those countries were at relatively low levels of per capita income (lower even than many African countries) a century ago, the Scandinavian labour and peasant movements united through their parliamentary political parties and soon found they had a sufficient majority to start building the welfare state.

That process began after a consolidation of their civil society organisations, especially the labour movements. And the kinds of reforms they posed were not the movement-destroying ideas typified in the United States by the corporatism of big government, big business and big labour after World War II. Instead, the reforms pushed towards de-commodification and de-stratification, which are the exact opposite of the structural adjustment strategies imposed on Africa by the Bretton Woods Institutions over the past thirty years.

What made the reforms of the Scandinavians work, according to some commentators – specifically, the relatively twentieth century high growth (in contrast to Africa's post-independence era of economic stress and decline) and social homogeneity (not much ethnic differentiation) – are certainly important factors. But the overall strategy remains: linking poor and working class people, women and men, rural and urban, young and old, different ethnicities in an overarching social project. The best hopes in Africa are where recent politicisations and ongoing social protest are moving from democratic to socio-economic terrains, such as in Tunisia, Egypt, South Africa, Nigeria and Senegal (though, of course, in each case democracy itself is up for grabs).

So if I drop the necessary humility and am asked to offer ‘recommendations’, they would follow examples in which institutions of popular power grow as a result of elite paralysis and worsening socio-economic crisis, and move from the micro protest situations that are so common across Africa towards national alliances of oppressed people, with democratic leadership maintaining progressive principles based on Ubuntu-type social philosophies featuring time-tested demands for economic and environmental justice. As an inspiring example, recall the South African Treatment Action Campaign’s victory in getting AIDS medicines to millions of people – about a million in South Africa alone starting in 2004 – which required defeat of intellectual property rights (decommodifying the drugs) in the World Trade Organisation in 2001, and ensuring all who required them could do so without regard to means – testing and other neoliberal methods of stratification. That is an amazing building block – probably the most significant political advance in Africa between the end of apartheid and the North African democratic insurgencies of 2011 – and along with many African citizenries’ attack on water privatisation (often successful), I think it suggests that awe-inspiring victories are possible through serious alliance building.

It is such a shame that this kind of progress never gets measured properly, nor appreciated in the statistically-dubious and politically-bankrupt UN HDI or MDG system, whose aim often seems to be depoliticisation of what they call ‘development’ but which is better considered, as Samir Amin often says, ‘maldevelopment’. If UN or AU bureaucrats could once in a while acknowledge that progress usually is catalysed by progressive critics within their member states, these multilateral and regional bean-counting gimmicks might take on some meaning, finally. But that would be too much to expect, given the dominance of neoliberal thinking in New York and Addis.

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Qn 2: Given that developmentalism in its orthodox sense is usually taken to refer mainly to ‘economic developmentalism’ with its ideological programme at the forefront, do you think economic developmentalism could be compatible with democratic developmentalism? The latter would require elections in countries that tend to parlay such exercises through the prisms of ethnic and regional affiliations, local clientalism, and pressures from international forces that operate on the amoral principles of *real politik*. Countries such as Botswana and Mauritius have been touted as successfully demonstrating impressive growth in the context of democratic practice. But isn’t there a bit of an overreach here given that both nations have negligible populations – Botswana: 1.7million with great income inequality, and Mauritius 1.3 million of mostly guest-worker origins and expatriate investment – and whose tiny

economies – opened to all and sundry – are geared to the export markets respectively of diamonds and tourism? In other words, what would become of a strict developmentalist programme were it to be diffused and fractured into a multiplicity of directions? On the contrary, the most successful efforts at balanced socio-economic development – human welfare and/or technological – to date are countries that have been described as *dirigiste* – authoritarian. Examples are South Korea (highly technologically advanced), Taiwan (highly technologically advanced), and Libya (ex-number one in Africa in terms of the HDI).

PB: It is impossible to make generalisations about democracy and development, and far too many scholars have been seeking correlations without success, for me to stumble in with anything revelatory. What strikes me as a more fruitful method is to generate specific case studies of uneven development in which the operative class forces are specified from the way accumulation takes place. Amin's historical sweep of the types of accumulation that predominated under colonialism is a good starting point. Subsequently, in most of Africa, the neoliberal bloc that took power in the 1980s-90s after the era of post-colonial patrimonial-authoritarianism, had an outward orientation and served as comprador elites, collaborators with international finance and the extractive industries. This followed a period of investment by aid agencies and international financial institutions in what you might call ideological panel-beating of an African cadreship; I've done brief biographies of the men I consider the two most important in this process, Bernard Chidzero and Trevor Manuel, but there are scores of others who took over finance ministries and central banks around three decades ago. The damage they did by importing Washington Consensus ideology is formidable, and those power blocs remain mostly undisturbed, running Africa in the interests of multinational corporations and bankers.

As we have occasionally seen, however, new configurations of class forces sometimes desire a democratic breakthrough against the outmoded power blocs, especially some of the North African neoliberal dictatorships backed by the US. Backed by imperialism, Libya's new leading class forces apparently needed to dislodge the familial accumulation system just as the International Monetary Fund was issuing laudatory statements about its privatisation and state-shrinkage strategies in early 2011, as did Tunisian and Egyptian democrats, though their uprisings were obviously very different. Ironically, as I point out in a recent *Review of African Political Economy* article and in the new Pambazuka Press book *African Awakening*, the IMF was perfectly happy with the way Mubarak, Ben Ali and even Ghaddafi were running their economies, mixing corruption and liberalisation in a way that pleased Washington. Imperialism was caught back-footed by the Arab Spring

and all we can hope for is that this will encourage other progressive democratic movements in Africa to rise up and toss out their elites, because they can do so with far less immediate interference from Washington than we had originally assumed.

Mainly though, the democracy movement that swept out elites in Southern Europe in the 1970s, the Southern Cone of Latin America and East Asia in the mid-late 1980s, Eastern Europe in 1989 and parts of Africa during the early 1990s was too broad an alliance of democrats and neoliberals, with the latter prevailing. The success of the neoliberal agenda of 'low-intensity democracy' – state welfare contraction, privatisation and prevention of macroeconomic policy debate (as Thandika Mkandawire has repeatedly criticized in his writings) – explains why genuine development could not follow.

South Africa's case is instructive, because as documented in the book *Elite Transition*, when I worked in Mandela's office in the mid-1990s (editing the first policy document – the White Paper on Reconstruction and Development – and later the National Growth and Development Strategy), the influence of neoliberal pressures was palpable. Core decision-makers were Thabo Mbeki (president from 1999-2008), Trevor Manuel (finance minister from 1996-2009), Pravin Gordhan (tax commissioner), Tito Mboweni (Central Bank governor from 1999-2009) and Alec Erwin (trade minister from 1996-2005) at the heart of African National Congress neoliberalism. They were egged on by Afrikaner 'econocrats' like central bank governor Chris Stals who stayed on until 1999, the ratings agencies and financial institution economists, the business media and an international investment advisory council full of the world's greediest men. Earlier, as the transition got underway, the World Bank's various Reconnaissance Missions had enormous influence during the early 1990s, the IMF's \$850 million loan in December 1993 locked in the structural adjustment mentality, and the huge sway of local mining and financial capital made demands for financial deregulation, including exchange control loosening. With this array of force aligned against the traditions of African nationalism and social democracy, it should not be surprising that Mandela was compelled to adopt measures that actually made apartheid class and racial inequality worse by the time he stepped down in 1999. Some call this an enormous sell-out, but while true, the adverse balance of class forces must be kept in mind. The collapse of what so many ANC exiled activists imagined was 'socialism' in the USSR must also have played a role in the movement's failure of analytical nerve.

The central lesson, as South African and so many other half-baked democratic transitions in Africa have demonstrated, is that democratic breakthroughs are rarely sustained when invoked from above. It is only a

long, durable struggle for both democracy and economic justice that will generate the conditions for deep-seated change in that ruling bloc, to make it responsive to the needs of the majority. And as the cases of Lumumba and Sankara showed, taking power can be hazardous to your health if too much reliance is placed on a charismatic leader. So the most advanced sites of recent democratic transition in parts of Latin America – especially Bolivia – should be studied with great interest by progressive Africans. There is no formula for success that applies across the board, and no unequivocal eco-socialist breakthrough apparent at this stage, for even Evo Morales disappointed many of his indigenous and environmentalist followers by proposing a highway through a national reserve which created a major Bolivian crisis last September.

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Qn 3: In 1981, the World Bank, by way of its Berg Report, rejected the ECA-engendered Lagos Plan of Action (LPA). The LPA recommended judicious import substitution implementation, protection of infant industries under government guidance by way of tariffs, circumspection with regard to the Ricardo-Heckscher-Ohlin-Samuelson model. The Berg Report, structured as it was on the capitalist neoliberal paradigm, instead recommended the following: open markets, minimal government guidance, emphasis on assumedly comparative advantaged raw materials export, minimal government-driven economic welfare gestures in the areas of, education, etc. The Berg recommendations have not worked. Africa is still plagued with high unemployment, low capital formation, human capital flight, and discouraging metrics in terms of general human development. What initiatives are there to revitalise the LPA in a serious way 30 years after?

PB: What you say is true, but we must be frank: African neocolonial elites have done virtually nothing to contest world neoliberalism aside from the 1989 African Alternative Framework to Structural Adjustment Programmes, which like the LPA was championed by Adebayo Adediji. The handful of more recent contrary actions I can point to are: a temporary retreat from the World Trade Organisation at the 1999 and 2003 summits; a threat of a walk-out from the neoliberal Copenhagen Climate Summit in late 2009 (after a trial run a few weeks earlier in Barcelona); the successful challenge to Big Pharma at the WTO's 2001 Doha Summit where exemptions to intellectual property rights were made for AIDS medicines; the various anti-imperialist rhetorical flourishes that sometimes accompanied debt defaults such as in Zimbabwe and Nigeria (though in both cases the elites soon returned to subservient positions, with even Robert Mugabe blowing off \$210 million in fruitless payments in 2005); sporadic resistance to European Union Economic

Partnership Agreements; and the current Nigerian parliament's rejection of the IMF's fuel subsidy cut. Those brief eruptions aside, the elites have acquiesced to Washington since the early 1980s, by adopting neoliberalism and in many cases – led by Pretoria after 1994 – generating 'home-grown' versions even more stringent than required by Washington and Geneva multilateral institutions. So let us sadly conclude that within the corridors of power in Africa – although real power is actually located in cubbyhole offices at 18th and H Streets in Washington DC – there is virtually no hope that the current generation of neocolonial elites will evoke the spirit of Latin American state alternatives, comparable to the LPA or AAF-SAP. New revolutions from below will be needed, but even then, as witnessed in the Tunisian and Egyptian elites' February 2012 re-embracing of the IMF, tough pressure from below is always needed to prevent backsliding.

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Qn 4: There are a number of descriptive and prescriptive models that have been applied to the African developmental landscape over the years. How do you explain the failure of such models supposedly built on viable theoretical assumptions and empirical data? What was/is missing in such models?

PB: My personal view is that the way capitalism combined with pre-capitalist processes has only been taken seriously in sporadic work – the seminal contributions of Amin, Harold Wolpe or Dani Nabudere, for instance – without a unifying theoretical 'model' that works across not just the full continent but the North-South divide more generally. Such a model, in my experience, would have to treat with respect both the 'uneven' nature of capital accumulation and class formation, as well as the 'combined' character of capitalist and non-capitalist societies in interaction.

Any attempt to model this process of 'uneven and combined development' in any formulaic way is futile, of course. One reason is that the data we possess often do more harm than good – so that, for instance, we have been brainwashed to think of GDP as 'Gross Domestic Product' when in reality the extraction of non-renewable resources means the 'Product' is a distortion of wealth, and often actually generates poverty. If we simply add to GDP (as a 'credit') the revenues to a multinational corporation from extraction of minerals; if we neglect to subtract (as a 'debit') the value of the natural assets that have been forever stripped; if the other negative externalities of extraction are never factored in (such as the Johannesburg area's massive Acid Mine Drainage destruction of the water table); if the multinational corporation engages in transfer pricing, tax-dodging, capital flight, asset-stripping and all manner of other negative behaviour; and if we ignore evidence of Resource Curse politics that follow most extractive processes, then of

course Africa is 'growing' under conditions of a 2002-08 and 2009-12 commodity boom, as we hear from the World Bank, IMF and African Development Bank.

But it's not.... And if you hear that there is a vast African 'middle class' of several hundred million now prospering through mining services, biofuel development, cellular telephony, microcredit, or some other such unsustainable or faddish activity, please think twice (the African Development Bank measures the middle class at consumption of levels of just \$2/day!). These neoliberal models are based upon rewarmed modernization theory arguments – here in South Africa known as Thabo Mbeki's 'Two Economies Thesis' (endorsed by Jacob Zuma) – which, like earlier versions, fail to properly interrogate the relationship of capitalist to non-capitalist spheres.

Is a more sophisticated model available to explain uneven and combined development? Probably the most powerful to date is the study of 'enclavity' by Guy Mhone, the great Malawian who died in 2005 at age 62 while teaching at the University of the Witwatersrand (where I shared seven wonderful years of conversations). That death was a huge loss, and we are awaiting with great anticipation Codesria's collection of Mhone's work, to be edited by his cousin, Thandika Mkandawire. In Zimbabwe, where Guy worked for years, his influence is felt in the left intelligentsia's adoption of his model when advocating for a new, inclusive growth path following the enormous destruction of capitalist crisis amplified by cronyism.

Can such a model explain the continent's decline? No, not fully, since there are so many contingencies associated with domestic political corruption and international geopolitical whimsy.

Is there a broader political-economic perspective that brings a more enlightened sense of post-colonial underdevelopment and North-South power relations? Yes, I think it emanates from the most nuanced analysis within Marx's *Kapital*, and the tradition continues through Rosa Luxemburg's critique of imperialism a century ago, as capital accumulation via super-exploitation of non-capitalist spheres (these would include women's unpaid work especially in reproducing migrant labour at very low cost to capital, community mutual aid, nature, land grabs, and the like). A half-century ago, Fanon's 'Pitfalls of National Consciousness' in *The Wretched of the Earth* helped to Africanise the political argument associated with the post-colonial ruling class, especially its reliance upon predatory state/party power. Some of the African dependency theorists added more detail, especially Walter Rodney and Amin. In South Africa the 1970s-80s witnessed a resurgent neo-Marxism through debates by independent leftists with both the liberal and communist traditions, which brought a great many false starts (some

from French theorists such as Poulantzas and Aglietta), and finally in the last few years a return to the ideas of uneven and combined development.

The dramatic worsening of long-term world capitalist crisis over the past five years has amplified all the most extreme features of uneven and combined development, so as global capital – including Chinese and Indian firms – skips and hops ever more frantically through African resource enclaves, we should be much more aggressive in describing this process in its negative manifestations as an instance of the overall degeneration of a world mode of production that deserves replacement as soon as possible, as soon as subjectivities and the extreme austerity being imposed upon Third World peoples (like in my native Ireland) are matured to the point of naming the problem as capitalism. Frankly, I hear too few African political economists taking the bull by the horns and joining the spirit of Occupy to question a system that works for the 1% but not the 99% or the planet's ecological survival.

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Qn 5: During the days of 'legal' Apartheid in South Africa, genuine development on all fronts was instituted by the resident European populations (Afrikaaner, English, etc.) for themselves. What are the explanations for the fact that in a post-Apartheid era the restricted South African development model has not been extended in the same fashion to the non-European sectors of the population, still plagued with poor housing, inadequate services, crime, and massive unemployment? Doesn't this demonstrate the inadequacies of the neoliberal model when applied to society as a whole? If so, what alternative developmental model would you consider for Africa's largest economy?

PB: First, I might question whether white South Africa 'developed', since after all the five million whites essentially adopted Western post-War capitalist production and consumption norms brought in through the 'Fordist' (mass-production/mass-consumption) international division of labour. The sanctions era did not change these norms, regrettably. That means 'development' was always based upon a fragile relationship of South Africa to the world economy, and of the white consuming class to the black producing class (which a quarter century ago, some here termed 'racial Fordism') in a terribly exploitative, violent way. The white population's addiction to a consumerist, ecologically-destructive, patriarchal, alienated, individualised lifestyle is, like the West, a parody of what genuine human development might entail. I would take a lower GDP and higher Ubuntu as a measure of genuine development any day.

The failure of the African National Congress government to extend the apartheid-capitalist trajectory of development, in order to incorporate a sufficient proportion of black households, is due to the fact that that accumulation model

was untenable to begin with. By the 1970s, the apartheid-capitalist system had generated an awful set of distortions, and these continue through to today: sustained overcapacity of the production system, excessive credit at unprecedented interest rates (only Greece's have been higher recently), hyped-up consumerism, the world's most grotesque real estate bubble (four times higher than the US), a surge of imports that de-industrialised most labour-intensive manufacturers, and a state that panders to foreign investors as if they have any hope of delivering the work opportunities so desperately needed.

So while post-apartheid South Africa can claim 'growth', again, one must strip away the fake minerals prosperity and the speculative financial profiteering – and then one sees the real degeneracy, worsening inequality, rampant unemployment and growing urban poverty. Only the ANC's prestige and a state safety net extension – such that now nearly a third of families receive tokenistic grants and a tiny grant of water and electricity (though overall these benefits are only worth less than a 5 per cent increase in GDP compared to 1994 levels) – allow the lid to stay on this boiling cauldron. With more protests per person than perhaps anywhere in the world, we really are at the point that former President Thabo Mbeki's brother Moeletsi predicts a 'Tunisia moment' (his date 2020 is optimistic, but not unreasonable).

So why did the ANC elites choose to replace racial apartheid with class apartheid? The question is often posed, 'Were they pushed or did they jump?' Having worked in Mandela's office twice and having drafted 15 government policy papers between 1994 and 2000, my gut feeling is that they jumped, but people make history under conditions not of their own choosing, of course. In the structure/agency balance, the major sources of underlying pressure ('capital accumulation') combined with personalities – leading domestic and international capitalists (especially financiers), the business media, loud voices from the white population, the ascending black petit-bourgeoisie, corrupt political figures – to lock in the politics of neoliberal nationalism. I fear such an orientation is very durable, in part because by replacing Mbeki's more austere, intellectual version with a hearty populism, Jacob Zuma has not only revitalized the neoliberal macroeconomic policies, but in the process he delayed by five or even ten years the inevitable split of the trade unions from the ANC.

Could there have been an alternative? Certainly the Reconstruction and Development Programme of February 1994 – a product mainly of centre-left civil society which Mandela signed onto as his programme of government, before reversing most of the main mandates – had enormous potential because of the redistributive agenda implied in the first three chapters. But with macroeconomics in the hands of Mbeki, Manuel, Mboweni and Erwin, this was not to be. With economic power today still in the Treasury (Gordhan)

and SA Reserve Bank (Gill Marcus whose prior job was chair of ABSA bank), and an apparently impotent or co-opted trade minister (Rob Davies) and economic development minister (Ebrahim Patel), this alignment to export-oriented, extraction-centric, capital-intensive, import-addicted accumulation is only becoming more entrenched. The February 2012 State of the Nation Address and Budget Speech proved that Zuma and Gordhan will continue along this self-destructive path, pushing up the foreign debt – which rose from \$25 billion in 1994 to around \$120 billion today – so as to build more climate-heating coal-based infrastructure willy-nilly. In addition to the world's third- and fourth-largest coal-fired power plants which are now under construction at Medupi and Kusile, a vast port expansion for export of minerals is underway, and another \$40 billion in nuclear power contracts are about to be signed. The company that gets the world's cheapest electricity, at under \$0.02/kiloWatt hour, BHP Billiton, chews up 11 per cent of SA power and has fewer than 2,000 employees at its main SA smelters. And it exports profits to Melbourne. Anglo does the same, to London. This is a travesty, because ordinary working-class electricity consumers have been hit with a 150 per cent increase to pay these construction bills, while a 40-year apartheid-era deal keeps BHP Billiton's super-profits intact. Even a mainstream energy periodical, EE News (<http://eepublishers.co.za/article/eskom-bhp-billiton-and-the-secret-electricity-pricing-deals.html>) is questioning this sort of crony capitalism. But it just goes to show that the ANC government is merely continuing the Nationalist regime's close ties to the Minerals Energy Complex, with the latest government pronouncements proof of much more degeneracy still to come.

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Qn 6: African university instruction in economics is essentially the same neoclassical theories as those taught in the West. Such theories and their models can be shown not only to be theoretically weak but also scientifically problematic, in the sense that theory hardly ever coincides with empirical practice. The key neoclassical assumption of 'agent rationality' is of minimal empirical usage whether for explanation or prediction. In the area of economic development, despite the high volume churning out of thousands of descriptive and prescriptive books and articles, nothing on the ground hardly changes. Why then does this neoclassical theological charade at Africa's universities continue to the detriment of Africa's populations? And why such little attention paid by departments of economics in Africa to alternative theories of economics such as Marxian economics, institutionalism, heterodox economics as developed by theorists such as Erik Reinert and Ha-Joon Chang, pre-capitalist economics of reciprocity and redistribution, etc?

PB: The simplest explanation is vulgar-Marxist: the ideas of the ruling class predominate during a period in which financial capital's desire for a pure pro-capitalist theory – the efficient market hypothesis – was so extreme that any analysis of market disequilibrium was rejected. In an article for UNCTAD that didn't see the light of day in Geneva, John Weeks put it well: 'The dominant force influencing the economic policies of African countries in the 1990s and 2000s was the International Monetary Fund, with the World Bank playing a secondary and complementary role. Over twenty years, 1990–2009, the governments of 46 African countries sought to manage their economies under IMF programmes during almost half the country years (417 of 920) ... the two international financial institutions played a major if not decisive role in policy making for all but a few countries of the region'.¹

Ideologically, the Bretton Woods Institutions have been committed to neoliberal thinking and practice since the early 1980s. I tried once to engage in discussion about the merits of exchange controls with the crew that polices South African neoliberal economic dogma. In April 2001, I was rewarded with a rejection letter from the *South African Journal of Economics* that relied upon this reviewer's remarks:

The vulnerability of SA's economy to international financial flows is actually a good thing. The reason is that it imposes constraints on macro and micro policies. Basically, it lowers domestic policy autonomy, because if these policies are bad they will be reflected in capital outflows and a weaker currency ... I strongly disagree that financial market liberalisation imposes inappropriate policy discipline on sovereign states. Rather, it is a blessing in disguise because it dishes out penalty points immediately to failing governments and policies such as is partly the case in SA (especially w.r.t. the labour market, product market and delays over privatisation) ... Following the 'Washington Consensus' has worked extremely well for the USA, Canada, Europe etc... I don't think it is feasible that SA takes a bold global leadership position on restoring domestic financial security ... The present 15 percent restriction of foreign portfolio investment should be seen as another 'tax' on residents. If I could, the larger share of my assets would be in the USA say, not in RSA.

Logic like this, which has been promoted so hard in so many of Africa's think tanks – the Nairobi African Economic Research Consortium, the African Development Bank, the Economic Commission on Africa, the African Capacity-Building Foundation in Harare and so on – is of historical curiosity because it is both so backward and also was such a powerful influence in deregulating world finance with such disastrous effect, as the movie 'Inside Job' documents. Those African parrot institutions are having a hard time re-legitimising themselves in the wake of the Washington Consensus collapse, and that is why the debate I had in 2010 with the World Bank chief

economist for Africa, Shanta Devarajan, is so revealing. Here are the main extracts from a Canadian Broadcasting Corporation report.

PB: Africa is suffering neo-colonialism, and that means the basic trend of exporting raw materials, and cash crops, minerals, petroleum, has gotten worse. And that's really left Africa poorer per person in much of the continent, than even at independence. The idea that there's steady growth in Africa is very misleading, and it really represents the abuse of economic concepts by politicians, by economists, who factor out society and the environment. And it's mainly a myth, because, really, the extraction of non-renewable resources – those resources will never be available for future generations. And there's very little reinvestment, and very little broadening of the economy into an industrial project or even a services economy.

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Qn 7: Mr Devarajan, how would you respond to that view?

Shanta Devarajan: First, I just want to correct one of the facts, which is that the continent is not poorer per person. GDP per capita is not lower today than it was ten to fifteen years ago. In fact, it is considerably higher.²

Devarajan here misunderstands African countries' poverty by using the GDP measure, even though seconds earlier, I had warned against doing so. African economies suffer extreme distortions caused by the export of irreplaceable minerals, petroleum and hard-wood timber. Were he honest, Devarajan would confess that GDP calculates such exports as a solely positive process (a credit) without a corresponding debit on the books of a country's natural capital. Yet this correction to GDP – subtracting the value of non-renewable resource extraction – was made in even the World Bank's own book *Where is the Wealth of Nations?*, published in 2006. According to the book's authors: 'Genuine saving provides a much broader indicator of sustainability by valuing changes in natural resources, environmental quality, and human capital, in addition to the traditional measure of changes in produced assets. Negative genuine saving rates imply that total wealth is in decline'.³

The researchers are conservative in their assumptions, but once they factor in society and the environment, Africa's most populous country, Nigeria, fell from a GDP in 2000 of \$297 per person to negative \$210 in genuine savings, mainly because the value of oil extracted was subtracted from its net wealth. Even the most industrialised African country, South Africa, suffers from resource curse: instead of a per person GDP of \$2, 837 in 2000, the more reasonable way to measure wealth results in genuine savings declining to negative \$2 per person that year. From 2001, the problem has become even more acute, thanks to the delisting of the largest corporations

from the JSE, which added not just the outflow of mineral wealth, but profits and dividends that in earlier years would have been retained in South Africa. As commodity prices soared from 2002 to 2008, the outflow of wealth captured in the *Where is the Wealth of Nations?* study would have been dramatically amplified. In retrospect, considering the independence of so many countries over the past five decades, the story is the same: Africa looted in a manner that even World Bank environmental staff are openly confessing, even if Devarajan (consciously or subconsciously) ignored their research. The only way for Africa's neo-colonial elites to shake off Washington's advice is to delink from the global financial system's most destructive circuits, following the lead of several Latin American countries over the past decade. And a good place to start would be to do as Queen Elizabeth did at the London School of Economics in 2009: ask the economists why they did such a bloody awful job in diagnoses, projections and policy advice. What all this means, of course, is that the neoclassical/neoliberal paradigm, like the Phlogiston theory or Lysenkoism ought to be relegated to archives of pseudo-science.

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Demba Musa Dembele: Questions and Comments

Qn 1: Economic theories and their applications on the issue of African economic development emanate mostly from Western academic institutions, and are then disseminated to Africa's populations via the IMF, the World Bank, and Western NGOs. Matters are compounded with regular guidance gestures such as NEPAD, the Millennium Project, and the like. In the bargaining that supposedly takes place, given the near zero-sum results for Africa, doesn't all this amount to politically enforced so-called Nash equilibria results.

Demba Moussa Dembele (DMD): One of the legacies of foreign domination is the loss of control over economic policies by African countries after 'independence'. In the early years of that 'independence', many African leaders had surrendered the design of their policies to foreign 'experts' dubbed 'technical assistants' sent and paid for by former colonial powers. And over the decades, many paradigms have been imposed on Africa with the result we all know. In the UNECA 2011 Report on Africa, Delgado observed that *'the basic design and mode of implementation of all these paradigms came from outside Africa, even though each undoubtedly has had genuine African adherents. It is hard to think of other significant regions of the world in modern times where outside influences on basic development strategy issues have been so pervasive'*.⁴

This remark confirms what the late Mabul-UI-Haq, the mind behind the UNDP's human development reports in the 1990s, once said: 'Africa has more per capita foreign advisors' than any other continent.

And, of course, needless to say, this is to the detriment of Africa and its development. In fact, the 'advice' of foreign 'experts' led to the crisis of the 1970s and opened the door to the intervention of international financial institutions, namely the International Monetary Fund (IMF) and the World Bank. For more than three decades, these institutions controlled the content of economic and social policies in countries subjected to structural adjustment programmes. African governments and institutions were confined to an implementation role under strict scrutiny from 'experts' from the IFIs who would distribute good marks to those following strictly the tenets of the orthodoxy ('sound policies') to the detriment of their own populations. Those trying to pay more attention to the needs of their citizens get failing grades at the IFIs' University of Structural Adjustment Programmes (SAPs)!

So, the problem in Africa has been that we have let others define who we are, what we should be and where we should go. Governments and institutions have let foreign governments and institutions decide for Africans what is 'best' for them. Even intellectuals, trained in Western schools and universities, have come to accept this situation, abdicating any critical thinking that should have been the characteristic of an intellectual. And what was to be expected from this finally happened: the worsening of the economic crisis and the deterioration of human development indicators. This explains why the IFIs' current discourse on 'development' in Africa is 'poverty reduction'.

With the ongoing crisis of global capitalism and the collapse of market fundamentalism, Africans now have a historic opportunity to shake off that centuries-old intellectual domination and free their minds. In fact, this began a few years ago with institutions like CODESRIA, Samir Amin's Third World Forum and other progressive research institutions and intellectuals who have been challenging the basic hypotheses of neoclassical economics which is the foundation of the neoliberal paradigm. Long ago, Samir Amin and others challenged the mainstream conception of development and contributed to discrediting the neoclassical analysis of economic and social issues in Africa and the rest of the South.

The advent of structural adjustment gave critical African thinkers other opportunities to expose as sheer intellectual fraud the IMF and World Bank prescriptions. Their critique combined with the resistance of social movements led to the discredit of IFIs' policies in Africa and contributed to the crisis of legitimacy of the neoliberal paradigm and global capitalism.

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Qn 2: You have argued in the past that the solution to Africa's economic woes is 'socialism'. What 'socialism' do you have in mind? Is it 'State socialism', 'African socialism', 'market socialism', or all of these forms of socialism?

DMD: To me capitalism has exhausted its usefulness, as a model of production and exchange. As Marx said, capitalism has been useful in showing how productive forces can be developed with speed and at a level never imagined before by all the systems that preceded it. But Marx had warned a long time ago that the mode of accumulation of capitalism would in the end destroy the two sources of profit of capitalism: nature and labour. And this is happening on worldwide scale with the degradation of the environment and the impact of climate change and the high level of unemployment with hundreds of millions out of work and things worsening each day. According to the International Labour Organisation (ILO), more than 200 million people are jobless and this number does not take into account those who are in the informal sector and all the underemployed in countries of the Global South. When capitalists make money out of speculative activities more than out of productive activities this gives what we are witnessing today with less than one per cent of the world population controlling more than half of the world wealth. This is the message sent by all the 'enrages' and discontented of the world. In the U.S., the citadel of capitalism, we have witnessed the impact of the embryonic movement OWS (Occupy Wall Street).

So, since capitalism is irreversibly on its way out, no matter how long its demise would take, what could be the alternative? Not some form of capitalism, either state capitalism or ecological capitalism. There is only one brand of capitalism with its unique logic of accumulation. Therefore, socialism is the only alternative. To me, it is the future of Humanity. Already, there is a debate on the 21st century socialism. One should say socialisms because one cannot impose one brand of socialism. These different brands of socialism should learn from the mistakes and errors, even crimes committed in the past in the name of socialism.

However, we know since time immemorial that human societies have always made progress through trial and error. Mistakes, blunders and setbacks are part of the process that leads to deep economic, social and cultural change. But in the end no force can stand in the way of that change because it is a necessary and desirable outcome. This is how history unfolds.

Africa, which has paid a heavy price for the birth and the rise of capitalism, should be the graveyard of capitalism, as African social movements say.

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Qn 3: Some have argued that a very necessary condition for African development, given its presently balkanised state with its plethora of non-viable mini-states, is the implementation of the Pan-African model as advocated

by Kwame Nkrumah in his various texts such as *Africa Must Unite* and C.A. Diop in his *Black Africa: The Economics and Cultural Basis for a Federated State*. Such would require as the theory demands initiatives along the following lines: i) regional economic integration with the free flow of populations, goods and services, etc. ii) no more than two or three strong convertible currencies, iii) collective security, iv) continental economic development plans and projects, v) autonomous and capital-rich regional central banks, vi) Africa-funded research institutes in the sciences (natural and social) and medicine, etc. How do you see this?

DMD: I couldn't agree more with this vision. When one looks at what is happening in the world, we see the formation of large economic and political blocs. And most of these blocs are formed by powerful nations and states. We have the North American Free Trade Agreement (NAFTA) with Canada, Mexico and the United States; the European Union, with 27 countries and others on the way. In Asia, we have the Association of South East Asian Nations (ASEAN) now cooperating closely with China, South Korea and Japan. In South America, we have MERCOSUR, ALBA and now CELAC. And, of course, the new international bloc formed by Brazil, Russia, India, China and South Africa (BRICS), which is transforming world geopolitics.

All these blocs have a common objective: either to reinforce the economic and political strength of member countries or enable them to resist more effectively foreign domination. Some of them, like ALBA, aim to join forces against neoliberal capitalism and imperialism.

More than any other continent, African needs unity and solidarity to overcome the extraordinary challenges it faces. This is what African visionary leaders, like Nkrumah and others, and some of leading thinkers like Cheikh Anta Diop, Amilcar Cabral, and others, had understood. In the face of powerful enemies, African countries needed to unite if they were to become really independent from foreign domination. They needed to speak with one voice. This means transcending colonial legacies and pooling their resources together.

On the eve of the birth of the Organization of the African Unity (OAU) in 1963 in Addis Ababa, President Nkrumah had said: 'Africa must unite or perish'. The birth of the OAU showed that the idea of unity had a strong resonance in independent Africa. But what is lacking is the political will to make unity an effective instrument against economic and political domination. This is why regional integration has had mixed results, while at the continental level, the birth of the African Union has made only modest progress compared to the OAU.

However, world events and the apparent disappointment with their traditional bilateral and multilateral 'development partners', seem to have awakened some African leaders. The debate on the United States of Africa and some recent decisions on the economic front are an expression of that awakening. African

leaders may have come to realize that Africa needs to speed up its integration. Its balkanization, its vast natural resources and its structural weaknesses inherited from colonisation make it more vulnerable than any other continent.

The current state of the continent, under the threat of re-colonization, especially in the light of the NATO-led imperialist aggression against Libya, the United States' project called Africa Command (AFRICOM) seems to have largely vindicated President Nkrumah's foresight. After being mishandled by the IMF, the World Bank and other Western-dominated institutions, African leaders may have realized that salvation lies in integration at the regional and continental levels.

So, I am of the opinion that the road to Africa's independence, autonomous development and sovereignty goes through genuine regional and continental unity, with one African citizenship and one Africa without borders, as President Nkrumah had dreamed of. Africa must build its own democratic institutions, pool together its resources, trust its own people, design policies aimed at promoting autonomous development and build strong and democratic developmental states.

Some of the decisions made in recent years, notably about the creation of a Central Bank (Nigeria); Monetary Fund (Cameroon) and Investment Bank (Libya before its destruction by NATO) are decisions in the right direction. African leaders and people must come to grips with the reality that no one will come to 'develop' them. And the best way to achieve that is by coming together through integration. If one takes the example of the Economic Partnership Agreements (EPAs), African countries have been able to resist as a collective force against the pressures, blackmail and threats from the European Union. No one single country could have done it alone.

So, if African leaders are serious about following the path of autonomous development, they should pay attention to Nkrumah's vision and teachings, which inspired other prominent leaders, such as Amilcar Cabral, Patrice Lumumba, Thomas Sankara, just to name a few. They should also pay more attention to the ideas put forth by Cheikh Anta Diop, Samir Amin and many other prominent African thinkers. Indeed, there is a wealth of ideas for Africa's path to self-reliant development. What is lacking is a strong and bold leadership imbued with a Panafrikanist ideology and vision.

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Qn 4: Western discussion of Africa in terms of economics and geopolitics invariably truncates Africa into sub-Saharan Africa (SSA) and North Africa – hinged on to what is called the Middle East (MENA). Is this a meaningful analytical categorisation given that there really are no geographical or significant cultural divisions between African countries North of the Equator?

DMD: This artificial division is part of the old imperialist rule of 'divide and conquer'. For ideological, political and geostrategic reasons, the West has always denied the unity of Africa. In this case, they have one Africa – North of the Sahara – linked to the Middle East, including Mauritania, which is closer to Senegal than it is to Morocco or Algeria! Then, there is another Africa, so-called 'black Africa', now euphemistically referred to as 'sub-Saharan Africa'. Both terms are racist. Why do they do this? I have several explanations.

One explanation may lie in the fact that in the racist minds of imperialist ideologues, Africa North of the Sahara is not really 'Africa' since a significant portion of the population there is tawny or brown-yellowish in pigmentation. Yet to reply to the racist game of the West, a significant portion of the North African population bears the imprints of African genetics. The original populations of North Africa were bona fide Africans, and they were the majority. But it is a fact that Arabs later invaded North Africa and opened the door for large numbers of migrants from West Asia, and that a portion of North Africans descend partially from European slaves captured by pirates on the Mediterranean coast. Furthermore, on account of the fact that the population in the main speaks Arabic as a result of the West Asian invasions and colonisation, it is assumed erroneously that North Africa is more tied to West Asia (the so-called 'Middle East' formulated by imperialist diktat) than to Africa. But the evident error here is that none of the North African countries borders any West Asian country, yet they all border other African nations who share ethnic populations with their North African neighbours.

In addition, by separating the two parts of Africa, some European countries may be more comfortable in claiming some African countries as part of their own countries. This was the case of Algeria which was considered 'French territory' before the Algerian War of Independence forced the French to give up on such claims. Another reason for this separation may lie in the discomfort with the late Cheikh Anta Diop's thesis about the Ancient Egyptian connection to African history and cultures. Some in the West still cannot accept the fact that the origins of Egyptian civilization are black and African and that the rest of Africa shares in this significant historical civilization, on account of evidenced cultural commonalities and the fact that the origins of that impressive technological civilization were from inner Africa.

And some leaders in North Africa, the settlers mainly, play into Western hands, all victims of false colonial consciousness. For instance, some of them went along with the constitution of the Union of the Mediterranean a few years ago, which under the leadership of France aims to separate the North African countries from the rest of Africa. One of the objectives of that Union is to make North Africa the Southern boundary of some fancied Mediterranean commonwealth. With the kind of discourse we hear now

during the French presidential election, in which Sarkozy is contending with Marine Le Pen for the far-right vote, we understand better why the neocolonial Union of the Mediterranean was set up. The Western destruction of Libya in the year 2011 with anti-African neocolonial elements ushered into power is an obvious element of the West's geopolitical strategies.

But North Africa is indelibly part of Africa both archeologically, historically and economically. The Sahara Desert, historically, was simply a desert to be crossed for trade and travel. Recall Mansa Musa's pilgrimage to Mecca across the Sahara. It is on this basis that the racist geopolitical shenanigans of the West must be rejected with its spurious talk of MENA. And this irritating habit of the Western international agencies compiling statistics only for the so-called 'sub-Saharan' Africa must come to a halt.

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Qn 5: Human existence and survivability are premised on the availability and access to resources. Africa is home to a large percentage of such resources. This would mean that Africans should rightfully consume the larger proportion of such resources. Yet, for the last 500 years this has not been the case. Direct access to and usage of such resources would certainly improve the human welfare situation for Africans in general. Self and group preservation would seem to be a basic human disposition, so why haven't African governments over the years recognised this fact and acted to ensure that Africans uncompromisingly consume a fair share of their own resources either directly or in exchange?

DMD: We know what Marx said about the role of Africa in the 'primitive accumulation' phase of capitalism. But it is not limited to that period. Africa and its resources have played a leading role in the development of Western countries through colonisation. They still continue to serve the interests of the West through domination by myriad schemes. One of the reasons for this is Africa's poor leadership. Unfortunately, many African leaders are not up to the job. They feel more accountable to Western countries and multilateral institutions than to their own people. In many countries, the legacy of colonialism is still alive and well, in economic and financial terms. For instance, the use of the CFA franc as a currency by former French colonies like Senegal, Cote d'Ivoire, etc, more than 50 years after 'independence' is one good example of this. It shows not only a lack of vision but also a lack of courage to undertake the right economic, social and political transformations that are indispensable to break the chains of dependence and set in motion policies that can improve the lives of their citizens. Instead, all the symbols of foreign domination, including military bases, are still pervasive in all sectors in several African countries, particularly in the former French colonies.

Another very sensitive area in which foreign symbols and influence remain strong is culture, including education. It is in this area that the struggle is more complex, most difficult and protracted. In fact, the emancipation from 'mental slavery', as celebrated singer Bob Marley put it, has a very long way to go. It is a protracted struggle to uproot all the negative epithets that have been instilled in our minds by generations and generations of ideologues of slavery, colonisation, 'white supremacy', and capitalist globalisation.

So, African countries kept the old capitalist division of labour by which they export raw materials to the West and import manufactured goods from it. Structural adjustment programmes reinforced this raw material-based export orientation. The Economic Partnership Agreements (EPAs), if signed as proposed by the European Union, will further make Africa an eternal exporter of raw materials. In reality the EPAs are a 'free trade' agreement through which the European Union seeks to control African markets and natural resources.

For this pattern of 'development' to change, African countries need to engage in economic transformation by putting in place viable industrial policies. The latest United Nations Economic Commission for Africa (UNECA) Report on Africa, already quoted, has emphasized this need. To make this transformation a reality, the Report calls for the active involvement of development States on the model of Asian States that are behind the economic performance of the 'Chinese Dragon' and the so-called 'Asian Tigers', or behind the rise of China, Brazil, India, the driving forces of the BRICs.

But in my opinion, policies of economic and social transformation can be possible only within large spaces. This underscores the importance of regional integration and the need to create regional currencies. Successful economic transformation requires a total control over Africa's resources. This means that African countries must reverse all the privatization schemes imposed by the international financial institutions (IFIs) and Western countries during the 1980s and 1990s. Genuine economic transformation for the benefit of the African people also requires their full participation through democratic and transparent mechanisms. Peoples' organisations and movements are a force of transformation to be reckoned with. The old paradigm of government 'experts' deciding behind closed doors can no longer work. If there is development, it must be with and for the African people.

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Qn 6: In post-colonial times, African governments are now controlled by colonialism-groomed elements of what are variously called 'the post-colonial African comprador bourgeois classes'. Their willing compliance with the neo-liberal dictates of the capitalist West's governments and financial institutions is

much responsible for Africa's economic morass. What role do the African masses – trade unions, workers, students, intellectuals, etc., have to play in order to effect the necessary political and economic changes that would produce genuine economic development and economic equity on the African continent?

DMD: Frantz Fanon, in one of the most often quoted paragraphs in his famous *The Wretched of the Earth*, had warned about the betrayal by the African 'national bourgeoisie'. Unfortunately, his warnings have been vindicated by the experience of the last 50 years or so. In many countries, the bourgeoisie has replaced the old colonial rule but is still in tandem with it in the exploitation of the African masses. This is why the African governments don't want to initiate genuine economic transformation that would penalize the economic interests of the Western bourgeoisie. Unfortunately, they do this dirty job with the complicity and even help of a certain brand of African 'intellectuals' who have abdicated their role as a force of critique against the powers that be, against the dominant system, against exploitation and plunder.

So, in order to effect those fundamental changes, we cannot trust the African bourgeoisie and its 'intellectuals'. We need to bring in a combination of social movements and radical intellectuals and thinkers. Through the World Social Forum (WSF), the African Social Forum (ASF), regional, national, and local forums, African social movements have shown the possibilities of transformation in all areas. The struggle for food sovereignty by agricultural producers and organisations is gaining wider currency in several regions and countries. The international and regional food crises have underlined the dangers of food dependency. Africa needs to feed itself. One key requirement is to stop the land grabbing by foreign countries and companies.

The role of African radical intellectuals is to expose the bankruptcy of mainstream ideology of domination, especially the bankruptcy of mainstream economics and the need for Africa to look at its reality through its own lenses. In other words, they should carry a strong message: Africa must think and act by itself and for itself. Such a message was largely developed at the Forum of South intellectuals held under the leadership of Samir Amin during the World Social Forum in February 2011 in Dakar. So, radical African intellectuals should help to frame an alternative development paradigm based on Africa's own vision of its future, of its place in the world, on its priorities, and on the fundamental interests of its people. African intellectuals should contribute to promoting a genuine Panafrikanist ideology and leadership. They should contribute to laying a solid ground for democracy, respect for the rule of law, to building democratic and competent states that could be effective instruments of a self-reliant development.

So, social movements, radical intellectuals, and thinkers should take and enlarge the space that would enable them to play that indispensable role of gearing Africa toward an autonomous development by and for its people.

Notes

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