An Assessment of the Economic Structure that Limits African Development

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ABSTRACT

This paper examines how economic structure limits development in Africa. It shows that the economic structure is the infrastructure that all other structures depend upon. It conceives development both as a process and as a goal. Given the understanding of development from the Western perspective, African development is hindered by its articulation into the advanced nation's capitalism. The relations of production are central to development. The African production relations were public and communal. The Western production relations however are private and individualistic thereby creating a class society. This has revolutionalized the African economy through colonialism, Neo-colonialism and the present globalization experienced within the continent with Africa as the periphery or the dominated. With the "ruler-ship by outsiders" posture, Africa remains at a standstill. Colonialism has established economic domination even after independence. Globalization, through its institutions like World Bank and the International Monetary Fund, and the inter-play of multi-nationals only ensured smooth operation of international financing markets thereby widening the world-wide stratification among nations. The theoretical framework for the study was dependency theory. The methodology for the study was survey design. The study found that capitalism at the global level through globalization put Africa at a disadvantage position and continue to widen the gap of development between advanced nations and those of Africa. The paper concludes that genuine African development plans and implementation, devoid of Western coloration and focus is the only way forward for Africa's development.

***Key words**: Development, Capitalism, Colonialism, Neo-colonialism and Globalization.*

Introduction

Every society, no matter how simple or complex must devise ways to meet the economic requirements of its members. These requirements are food, shelter, clothing etc. Economics is defined by Samuelson 1976, as quoted by Odiagbe and Obarisiagbon (1995), as "the study of how people and society end up choosing with or without the use of money, to employ scarce productive resources that have alternative uses to produce various commodities and distribute them for consumption now and in the future, among various people and groups in society". Economic institution is regarded as one of the basic structures in the society; Karl Marx for example, believed that society rests on an economic foundation.

On this basic structure rests a super structure which consists of other institutions such as politics, religion, law etc (Haralambos & Heald, 2005). Every society solves its economic problems within the context of the allocation of scarce means to given ends. Within this context too, individuals, and groups organize choices and maximize satisfaction from available means.

Development is a concept that has been defined at different times to mean both a process and a goal. “Development in human society is a many-sided process. At the level of the individual, it implies increased skill and capacity, greater freedom, creativity, self discipline, responsibility and material well-being” (Rodney, 2005:1)

According to Alo (1986), as a process development is seen as an activity that people undertake with clear aims in mind and with a certain amount of planning and as a goal, it is often presented as a desirable stage. (Usually, the stage already reached by Western Europe) which technologically less-advanced nations should strive to reach. African development has been limited therefore because of the failure of economic institution to satisfy the needs of the majority of its population. This is the direct implication of African economy being articulated with advance capitalism.

The Economic Structure of Indigenous African Nations

The notion of economic development centres around the increase in production which is based on increased division and specialization of labour (Wilmot, 1985). The original band was nomadic shifting from place to place in search of food. With the development of the household, the domestication of plants and animals, the band could settle into a simple community which allowed greater productivity through development of skills. When this community was conquered by another band which then settled and forced the indigenous group to labour, the institution of slavery was ushered-in.

One important concept useful in the understanding of economic development is relations of production which refers to structure of ownership, most often sanctioned by law, into private and public. Mode of production which refers to the general pattern of production in society, and embraces means as well as relations of production and then social relations of production and the social formation meaning the organization of society, characterized by a dominant mode of production, to which subordinate modes may be articulated. In the indigenous African societies for instance, means of production are land, economic trees, human or animal labour, simple tools, these productive forces are owned in common, hence the relations of production are said to be public, and the mode of production communal.

Capitalism and Africa

According to Haralambos and Heald 2005, classes did not exist during the era of primitive communism when societies were based on a socialist mode of production. Classes emerged when the productive capacity of society expands beyond the level required for subsistence. This occurred when agriculture becomes the dominant mode of production. In an agricultural economy, only a section of society is needed to produce the food requirement of the whole society. Thus, many individuals are freed from food production and are able to specialize in other tasks. As agriculture developed, surplus wealth was produced. This led to an exchange of goods and trading developed rapidly both within and between communities. This was accompanied by the development of a system of private property. Private property and the accumulation of the surplus wealth form the basis for the development of class societies. The result is a class of non-producers which owns the forces of production and a class of producers which owns only its labour power.

Capitalism defined as an economic system in which the means of production are held largely in private hands and the main incentive for economic activity is the accumulation of profits

(Rosenberg 1991). To Landis, (1986: 256) “Capitalist systems cherish the ideas of private property, the profit motive, and free enterprise”. Private property requires that property, especially that used to produce goods and services, is held by private individuals as against the government. By profit motive, individuals are motivated by the desire to make a profit through producing a commodity needed by the people at a reduced price which helps them to capture the market. Free enterprise means that each private entrepreneur is free to compete with others in a market place unencumbered by any rules and regulations other than fair play.

In Marx’s view, social relations during any period of history depend on who controls the primary mode of economic production, such as land or factories. The focused on the two classes that began to emerge as the feudal estate system declined the bourgeoisie and the proletariat. The bourgeoisie or capitalist class owns the mean of production, such as factories and machinery whereas the proletariat is the working class. It is the advancement of capitalism historically that has limited African development. The economic structure of African nations can be best understood moving through the following epoch; colonialism, neo-colonialism and now globalization because each of this structure has assisted in widening the gap between the “have” and the “have-not” nations of the world.

Given this scenario, the situation brings about corruption which equally limits African development. This point was encased by Igbo (1999:129) with reference to Nigeria that “One of the most serious problems militating against socio-economic development in Nigeria is corruption. Corruption is widespread and has become almost institutionalized as powerful and well placed Nigerians compete to undo one another in the expropriation of the so called national cake.” This problem affects development generally since what is meant for developmental projects goes into private pockets.

Capitalism equally breeds uneven development in Africa. To Marshal (1998: 681) "capitalism transforms the world as a whole but does so in different ways developing the productive and social forces in some areas, but (as part of the same process) restricting or distorting growth in others". This, to a large extent limits Africa's development.

Colonialism as defined by Schaefer R. T (2005) is "when a foreign power maintains political, social, economic and cultural domination over a people for an extended period. It simply means ruler-ship by outsiders. Colonialism was essentially a system of economic exploitation aimed at the provision of raw materials. Exchange was unequal and the colonial production system had profound effects on the populations of both colony and metro poles. The long reign of the British Empire over much of North America, parts of Africa and India is an example of colonial domination. Relations between the colonial nations and colonized people are similar to those between the dominant capitalist class and the proletariat as described by Karl Marx according to Haralambos and Heald (2005). It is a relationship of exploiter and the exploited, oppressor and oppressed. In particular, the ruling class gains at the expense of the subject class and there is therefore a conflict of interest between them.

By the 1980s, colonialism had largely disappeared in most of the African countries. Most of the nations that were colonies before World War 1 had achieved political independence and established their own governments. However, for many of these countries, the transition to genuine self-rule was not yet complete. Colonial domination had established patterns of economic exploitation that continues even after independence. This is because former colonies were unable to develop their own industry and technology. Their dependence on more industrialized nations including their former colonial masters, for managerial and technical expertise, investment capital and manufactured goods kept former colonies in a subservient position. It is such continuing dependency and foreign domination that is referred to as Neo-colonialism (Wilmot 1985, Schaefer 2005).

Globalization or the world wide integration of government policies, cultures, social movements and financial markets transcends governance by conventional nation states, international organization such as the World Bank and the International Monetary Fund have emerged as major players in the global economy. The function of these institutions, funded and influenced by core nations, is that they encourage economic trade and development and to ensure the smooth operation of international financing markets (Schaefer T.R, 2005). The global corporate culture of the apparel industry focuses our attention on world-wide social stratification, that is, the enormous gap between wealthy nation and poorer nations.

The economic and political consequences of colonialism and neo-colonialism are readily apparent. Sociologist Emmanuel Wallerstein (2000) as quoted by Schaefer T.R (2005), views the global economic system as being divided between nations that control wealth and nations from which resources are taken. Through his “World systems analysis” Wallerstein has described the unequal economic and political relationship in which certain industrialized nations like United States and Japan and their global corporations dominate the core of this system. At the semi-periphery for the system are countries with marginal economic status, like Israel and South Korea. He suggests that the poor developing countries of Asia, Africa and Latin America are on the periphery of the world economic system. The key to Wallerstein’s analysis is the exploitative relationship of core nations toward non-core nations’ economies. As developing countries make economic advances, they remain weak and subservient to core nations and corporations in an increasingly intertwined global economy. This interdependency allows industrialized nations to continue to exploit developing countries for their own gain.

Research Hypotheses

This study raised the following hypotheses as a guide:

Hypotheses 1

Hi. The higher the level of articulation of African nations into advanced nations capitalism, the lower the level of development of Africa.

Ho. The lower the level of African articulation into advanced nations’ capitalism, the lower the level of development of Africa.

Hypotheses 2

Hi. There is a strong relationship between Africa’s ability to fashion out genuine African development plans and implementation and Africa’s future development.

Ho. There is no relationship between Africa’s Ability to fashion out genuine African development plans and implementation and Africa’s future development.

Research Method

This study employed the survey design using Nigeria as a case study and as a prototype of other African nations. The study setting was Abuja; Nigeria. 26 questionnaire were administered to key informants in the Economic Community of West African States (ECOWAS) office at no. 60, Yakubu Gowon Crescent , Asokoro Abuja. Statistical tools employed for the study were tables, frequency counts and percentages while the chi square was used to test the hypotheses.

Theoretical framework

Dependency Theory

The dependency theory is generally seen as representing the voices from the periphery to challenge the economic hegemony of the American modernization (Blomstron and Hettne, 1984). Developed from a marxian perspective, Dependency theory contends that the underdevelopment of the third world is because of the structural and historical relationship third world countries have had with the core countries. This relationship which started from slavery through colonialism to date is one-sided and benefits only the core. The relationship has negative effects on economic growth of third world countries because it is exploitative. Therefore the underdevelopment status of third world countries is externally imposed.

Dependency therefore postulates that attention should be paid on economic growth, equitable distribution of income and self reliance.

Conclusion

The economic structure that limits African Development is that of capitalism with its different faces as it advances. African Nations, even though profess “independence” are not truly free! The “bondage” experienced by African Nations stems from the control of our economy by external bodies. The economic structure is the backbone of any society. Imperialism which is the child of colonialism has come to live with us. In all of our institutions, be it education, politics, religion, law etc we are not genuine, indigenous policies by great intellectual minds are thrown off as thrash. We rely solely on the outside world for all we do. Truly in the global village of today, there cannot be a way forward unless as a continent, our leaders are ready to take the “bull by the horns”. It might not be easy to accomplish but if we set out and get started bit by bit, we will win and experience true independence and development.

This can be achieved through regional co-operation in Africa. “Regional cooperation will help to mobilize more capital for development to operate certain projects on a scale which make them economic, to achieve product specialisation which is needed to increase inter-African trade and to improve efficiency in the use of human and natural resources" (Ake, 2008: 161).

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