Economic Models and Practice in Africa

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Introduction

Economic models, like scientific paradigms, predispose actors towards certain patterns of behavior or practices. Over time these become accepted as normal practice which everybody is expected to observe or to follow. This is how theoretical orthodoxies are established. However, even orthodoxies rely on refinement of techniques. In economics this is widely recognized, as it guarantees competitiveness among various practitioners. The context within which this occurs is often taken for granted since it is implicit in given theoretical models. For instance, in development theory it is assumed that the prevailing Euro-American economic model is universally valid. It is more than likely that this itself has become a social value which the West wants to maintain. Consequently, as a scientific proposition, it cannot be clarified since the West uses its political and military power to guarantee the necessary conditions for the reproduction of the same globally. Insofar as this is true, it is only reasonable to grant the fact that economic models inevitably carry with them unacknowledged normative presuppositions. This is best illustrated by the fierce ideological battle that occurred between the so-called socialist and "free market" adherents during the cold war.

As far as the third world is concerned, neither economic models nor economic practice became a major issue. Social institutions and values, which were presumed to be a stumbling block to development, became an overriding preoccupation. Thus, in the 1960s modernization theories postulated an almost mechanical evolution from traditional values to modern values as a necessary condition for development. The dichotomization between supposedly "prescriptive" traditional values and achievement-oriented modern values not only exaggerated lack of dynamism in traditional societies but also greatly exaggerated social flexibility in modern class-societies while being oblivious of the conservative implications of Euro-ethnocentrism in the modern world. Furthermore, the separation between economic models as theoretical constructs and the values which inspire and sustain them represents an unwarranted positivist reflex which ultimately is self-contradictory because it accords a determinant economic role to modern Western values.

This came to plague contemporary theories of transfer of technology because for the latter to be effected either of two contrary suppositions had to be made. It had to be assumed that technology is either culturally-neutral or that its transfer is contingent on the replacement of traditional institutions with modern ones i.e. with Western values. This would contradict the former supposition and the latter would make it impossible to explain how different civilizations developed in the first place. Over time, as a matter of logical necessity, linear theories of technological evolution such as were implicit in the supposition that "intermediate technologies" accorded very well with the needs of "modernizing" third world countries had to be abandoned in favor of adopting "appropriate technologies" in these countries. In spite of the fact that there was the announced assumption in this approach that these would come from the West, it did not foreclose the possibility of innovative local responses as occurred in east Asia in recent history. All this left open the question of whether there could be home-grown development models or that these were merely variants of certain universal models.

Concerning the foregoing development trajectories, more assumptions were made about Africa than any other region for a variety of reasons. First, not only was it a latecomer in modern development but also it had been generally believed by Europeans to have no history prior to colonialism and thus remained until very recently simply a dark continent. Whether this is actually true or not, for our purposes it is immaterial. What matters most from the point of view of development perspectives is its practical implications. Colonialism is an important watershed in African history for it created a number of critical predispositions towards future development on the continent. These are discernable in its modern social, economic, political, and cultural being. In other words, whether Africans like it or not, it is a heritage which has to be acknowledged before it can be transcended. For instance, the economic and political models which pervade the continent are not only products of colonialism but also are a persistent African heritage which informs social behavior and often determines critical choices that post-independence African leaders make. It is against this background that we can meaningfully discuss economic models, practice, and prospects for the future in Africa.

Economic Models in Africa

As would be readily acknowledged, economic practice has existed since the dawn of human societies. To survive, human beings had to devise ways of satisfying their basic needs by extracting from nature whatever proved to be useful. Whether this involved hunting, foraging, cultivation, or animal husbandry, it required some form of social cooperation which was regulated by certain cultural norms. Although the ensuing patterns of economic behavior were recognizable, they can hardly be referred to as "models." This is an important distinction to bear in mind, for in modern times it is presumed that economic models/theories determine economic behavior/practice. This presumption overlooks the fact that models are abstract constructs/relations derived from economic practice by actual social producers. This is a natural starting point, without which there can be no models. By this simple logical deduction we arrive at a very crucial point regarding the relationship between models and social practice. Properly understood, this means that, for their validity or authenticity, models depend on social practice. The reverse is not true because authentic and valid social practice can and does exist independently of models. Failure to recognize the significance of this might be the basic source of the economic crises that have plagued Africa since independence.

It would be inaccurate to say that during the colonial period there were any economic models in vogue in Africa. Economic planning and, therefore, conscious use of models is a post–Second World War phenomenon even in Europe. Accordingly, it is not surprising that the colonial powers in Africa did not rely on models for their economic exploitation. The most they did was to treat African colonies as extensions of their own economies. Thus, the African countries got incorporated into the capitalist system haphazardly. Above all, their treatment as sources of raw materials for the metropolitan countries meant that they willy-nilly became an extroverted part of the world capitalist system. If per chance African leaders did not fully appreciate the implications of this extroversion, they were at least aware of the fact that their economies were being used in a haphazard way. This awareness, combined with the desire for rapid economic growth, gave rise to an obsession with planning and an almost fetishistic preoccupation with economic models in the mechanical sense. But at independence there were hardly any economic planners and econometricians in Africa. Consequently, the Africans had to invite back their former colonial rulers to do the job for them. Even when acting in good faith, European "experts" could do only what they knew best i.e. the European way. For this, they did not need any input from those who were most familiar with economic practice in Africa, namely, the African producers. This could not be otherwise because the latter were looked upon not as subjects of the economic process but as objects of economic planning. The practical knowledge they possessed and the institutions they represented were targets for destruction so as to create room for new economic models. Modernizing African elites were enthusiastic partners in this destructive process.

Unknown to those responsible, this was a recipe for disaster. The disjuncture between economic models and actual economic practice is peculiar to ex-colonial countries because the models they use are invariably imported or imposed from outside. The severity of this problem varies according to the internal capacity of each recipient country. This presupposes that such a capacity can be instrumental in the adaptation of received models. Although African Five-Year Plans, at least in anglophone Africa were inspired by India's First Five-Year Plan, most African countries did not have anything approximating to India's internal capacity. Included in this is the level of accumulation of technical skills, level of integration of the national economy, and social den-

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sity. In other words, the Indian planners had the capacity to hold their own against foreign "experts" in the same way as the Indian country squires and urban entrepreneurs could not be ignored or taken for granted by the state bureaucracy. In short, there was a social necessity for a dialogue which produced what became known as the Indian "mixed economy" and, perhaps, what is grudgingly referred to as "Indian democracy" in the West.

This is in sharp contrast to Africa where the social formations were generally thin and fragmented and thus making it easy for the post-colonial state to act arbitrarily. Planners could afford to discount indigenous economic practice and the bureaucrats could assume that they were the ones who were destined to bring about economic development in the absence of any competing forces. Here, we witness a combination of bureaucratic arrogance and undeniable permeability of African social formations.

While African planners and state bureaucrats stand condemned for their acts of omission and commission, it is fair to acknowledge the fact that even with the best intentions they were necessarily faced with more imbalances and unknowns than most in their attempts to formulate economic plans for their countries. For example, planning requires reliable statistics. Needless to say, after nearly forty years of independence African countries still suffer from a woeful lack of reliable statistical data. Not only do they lack the necessary capacity for statistics gathering but also are handicapped by uncritical reliance on indices and categorizations used in the developed countries. Among these may be mentioned acceptance of the distinction between formal and informal sector in the economy, measurement of consumption according to disposable income per "family" (which is always confused with the African household), formal definition of employment, measurement of production according to market receipts, enumeration of producers according to individual household heads who are usually men and thus leaving out millions of women producers (especially in agriculture), measurement of poverty in terms of individuals, etc. The fact of the matter is that African economies are too unspecialized to allow for econometric procedures, as are used in developed countries. Among other things, this means that planning in Africa would have to rely on indices other than the conventional ones. Any conscious search for such an alternative would be an excellent investment because globally there is a growing demand on economic planners to include qualitative indices such as development of human capital, quality of life, and similar intangibles.

The concept of economic planning is also changing in other ways. Whereas at first it was premised on predictability, modern trends such as globalization, unpredictability of world markets, and the impact of bio-technological interventions has rendered such assumptions illusory – not that economic planning has ever been a precise instrument. The only difference is that nowadays it is taken for what it is – an approximation whose value lies in mobilizing resources as well as human beings, i.e., far from determining economic growth, it rationalizes ongoing economic activities with the hope of achieving the best results possible, including the welfare function of the economy. Although during the cold war this led to a rigid distinction between "market economies" and "planned economies," in reality all modern economies are guided by government policy and strategic interventions, over and above blind market forces.

It is interesting that even at the height of the cold war the imputed difference between "planned" and "market" economies did not concern Africans. All African countries, whether they called themselves socialist or were self-effacing capitalists, practiced central planning within the world market system. In all cases this led to state capitalism in the form of parastatal corporations which produced for the market but were protected from its worst ravages. The only difference in the best examples was not so much in the mode of production but in the system of distribution. For instance, Tanzania scored higher in social indices than Kenya while it scored less in macroeconomic or growth indices. Nevertheless, during the prolonged economic crisis in Africa the rate of poverty has grown much faster in Kenya than in Tanzania. It is possible that this is due to the fact that the Tanzanian system of distribution afforded the poor, especially in the urban areas, more security than was possible under the Kenyan system. This distinction is not without significance for it might be an illustration albeit on a modest scale of what different models can achieve within the same economic system. In the capitalist world, this is best exemplified by the Scandinavian welfare states.

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It is important to note that, in spite of the fact that "planning" appears to be an all-embracing process, e.g. a national plan, in fact, it only takes place within given economic models. There are probably as many economic models as there are countries. This not to the contrary, most countries are guided by historical precedent or inspired by particular examples. Hence, it is possible to classify given countries according to some perceived generic model. Even this can be variable as well as uneven. For example, it was common before the big collapse to talk of the "Soviet model" but this had no counterpart with reference to the West. Likewise, though a number of African countries such as Somalia, Ethiopia, Congo-Brazaville, Mozambique, Angola, and Guinea-Bissau were supposed to have adopted the "Soviet model," this proved to be unrealizable because of the internal socioeconomic conditions in these countries. The so-called "Soviet model" was nothing more than an oppressive bureaucratic contrivance and an incubus for development. Consequently, the leadership in each of these countries was obliged to revert to more conventional methods of economic organization which in fact were a mixture of colonial capitalism and African modes of production, especially in agriculture. Although the governments concerned maintained the bureaucratic illusion of "economic planning," this was not planned. It was largely a matter of letting be what is to be. Even this was of no avail because not only a great deal of damage had already been inflicted on society but also it coincided with the onset of the worst economic crisis in Africa.

Lest it be thought that the "Soviet model" was the sole cause for economic reversal in the countries mentioned or that they exhaust the list of countries which experimented with non-Western models, there are other interesting examples such as Tanzania, Mauritius, and Burkina Fasso under Sankara. These countries espoused some kind of "socialism" that was different from the earlier version of African "socialism" associated with such countries as Guinea Conakry, Mali, and Ghana whose fate is well-known. Among the former three, Mauritius succeeded eminently both in growth and in distribution. Tanzania and Burkina Fasso (short-lived as the experiment was in Burkina) achieved mixed results. This notwithstanding, there is a lasting interest in what has come to be known as the Tanzanian "model" and constant comparisons are made between Tanzania's failure and Mauritius' success. There is a persistent belief that the two were trying to do the same thing. Of course, the comparison ends there because the Mauritian social formation was much thicker and exhibited a much higher level of economic integration than the Tanzanian one. But eventually both had to abandon their chosen economic model and embrace economic neo-liberalism, as is advocated by the World Bank and IMF. This alternative, as will be shown later, is not without critics in Africa and its drawbacks have been amply demonstrated since the end of the 1980s.

The bulk of African countries followed the beaten track, i.e. took off from where the colonial governments left off. It is difficult to refer to this as the "capitalist model" because there is a great deal of economic behavior within it which is not capitalist. One of the most important of these is the persistence of African modes of social organization and of appropriation of value, despite the pervasiveness of the capitalist market system in the region. Equally important is the mode of accumulation of value by ruling elites. This is distinctly not capitalist because it derives not from production but from state revenues which are raised largely from small agricultural producers and front rent. It would be a serious distortion to describe such economies as "capitalist," notwithstanding the fact that they are meant to be replicas of the capitalist economic model. But once again, like in the previous examples, not all were dismal failures.

Up to the end of the 1970s three countries, the Ivory Coast, Kenya, and Malawi, were often quoted as shining examples of capitalist growth in Africa. Indeed, in development literature they were held up as "models" in their own right. This was accounted for by their spectacular rates of growth which at times were upwards of 10 percent per annum. What was often overlooked was the difference among them. Whereas in the case of the Ivory Coast and Malawi rapid growth was accounted for by the estate farmers specializing in export crop production, namely, coffee and tea/tobacco respectively, in Kenya this was attributable to the rise of middle peasants (expanded petty mode of production) relying on household plots and labor. This divergence is of utmost importance because it signifies an essential difference in the type of agrarian transformation that took place in the three countries in question. While the share of the estate farmers in export crop production in the Ivory Coast and Malawi was very high, their share in food production was nil. Above all, they represented no more than 5 percent of all agricultural producers in their respective countries while owning a disproportionate amount of arable land (15-20 percent). In contrast, while maintaining an equally high share in export crop production, the middle peasants in Kenya engaged in food production as well and represented a much higher percentage of agricultural producers. Not only did this provide the Kenyan government with a broader base for mounting balanced agricultural development but also with an agrarian model that was within reach of the majority of its agricultural producers. The economic and social importance of the latter cannot be overemphasized.

Whereas during the prolonged agricultural crisis in Africa the estate farmers both in the Ivory Coast and in Malawi hedged their bets by pulling their capital out of agriculture and putting it instead into commerce (circulation), there is evidence that the middle peasants in Kenya responded by switching to high-value alternatives such as dairy farming, hybrid maize varieties, and horticulture. The advantage of these forms of agricultural production is that they can be practiced on a relatively small scale. Secondly, since their gestation period is also relatively short they allow for quicker and less costly adjustment than plantation crops which are not only permanent but also large-scale by definition. The Kenyan experience underscores the value of local or popular initiatives. However, it is important to note that the local participants do not have to re-invent the wheel. In their agricultural endeavors the Kenyan middle peasants took advantage of modern technologies. This should not be confused with adoption of exotic models which often prove to be a foreclosure, a negation of local options. This has profound implications for developing countries. Whereas in natural economies selective borrowing was the rule, in a global economy it is all too easy for the stronger to dominate the weaker.

After twenty years of unselective borrowing, African countries came to recognize the folly of this practice and tried to remedy the situation by producing their own blueprint, the Lagos Plan of Action, in 1980. It was a result of intensive exchange among African governments, scientists, and intellectuals. The emphasis was on "home-grown" models and satisfaction of local needs, above all else. Unhappily, this promising initiative was literally vetoed by the World Bank by imposing its own preferred alternative called *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* and released in 1981. This was a prelude to the ill-fated Structural Adjustment Programs in Africa which culminated in what was described by general consensus as the "Lost Decade" of the 1980s. This provoked an unparalleled controversy concerning development options in Africa. Prominent among the antagonists were UN agencies such as UNICEF, which published The Khartoum Declaration of 1988 focusing on the "human dimension of Africa's economic recovery and development," and UNDP, which in its 1990 Human Development Report criticized the World Bank for ignoring the "social dimensions of adjustment."

Of greater significance in the whole debate was once again African representations. After consulting with African governments and in particular with Ministers of Economic Planning and Finance, in 1989 the Economic Commission for Africa (ECA), with the participation of leading African economists, issued a considered refutation of the World Bank's pretensions and put forward an alternative to the Structural Adjustment Programs. Appropriately enough, the document was entitled *African Alternative Framework to Structural Adjustment Programs for Socio-Economic Recovery and Transformation.* It was basically a restatement of the principles and objectives of the Lagos Plan of Action and a vindication of the African development perspectives which the World Bank had treated with disregard. Now, as we approach the new millennium, it is clear what the Africans think but it is not clear what their future practice is going to be. The old neo-classical models are kept in abeyance but as yet no new models have emerged to replace them. Human development and poverty eradication are firmly on the agenda but most African governments are in disarray, thus, as if by default, putting the responsibility for any serious social and economic reconstruction on the African peoples themselves.