Africa and the New International Economic Order

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The Current International Order and Africa: a Critical Review of the Past Decade and a Half

Despite the diversity in avowed official policies (strategies of development) the past decade and a half of political independence has witnessed the consolidation of peripheral capitalism in all African countries without exception. The main characteristic is clear; derived development within the context of the world capitalist system wherby development in Africa becomes a by-product of the development of the industrialized west. It is this context that in the first instance accounts for the dismal (by any standard) performance of the African economies over the past decade and a half and has put a re-structured international order on the agenda of international discussion—a new order required not just for the African countries but for all peripheral countries whose increasing dependence within the current order has neither permitted the 'catching up with the west' which was promised nor the laying of foundations for autonomous self-centred development which some states had hoped for. But first it is necessary to review the record and to establish our thesis that the poor performances of the last 15 years are no more than the manifestations of the limitations of externally oriented growth within the *current* international order.

According to the Economic Commission for Africa, 'In the early 1970s the overall economic performance of the 41 independent developing African countries as measured by the output of goods and services continue to give cause for concern.'[1] This concern has a very good basis in fact; in 1972 the overall rate of growth was only 5.4 per cent and an even poorer 4.0 per cent in 1973. In *per capita* terms, the rate of growth for 1971–1972 was only 2.6 per cent. This figure, however, hides one very important fact; that in fully 16 countries, GDP *per capita* actually fell. These are the 16 countries which according to the ECA 'recorded either negative rates or rates which were less than the average rate of population growth' (p. 16). In fact most of the growth in the overall figures were accounted for by only 10 countries among which it will surprise no one to note the names of Nigeria, Libya, Algeria, Ivory Coast and Gabon. We may also note that in fact 1971–72 was a rather good year by African standards, as the record for the 1960–1970 decade amply demonstrates. With the exception of the East African sub-region (which recorded average growth rates of 6.0 per cent for the 1960–1970 decade as opposed to 3.9 per cent for 1971–1972) in all other sub-regions (East, North, West and Central, according to the ECA classifications) the 1971–1972 rate of growth of expenditure on GDP (at 1970 constant market prices) was a definite improvement over the averages for the 1960–1970 decade. Overall, the 5.4 rate of growth for 1971–1972 compares with an average of only 5.0 per cent for the 1960–1970 decade. Measured at 1970 constant factor costs, the discrepancy is even larger; 6.1 per cent for 1971–1972 as opposed to 4.7 per cent average growth for the 1960–1970 decade and 3.9 and 4.3 per cent for 1970–1971 and 1972–1973 respectively. The picture therefore is quite clear; feeble growth rates overall and extremely uneven economic performance (in terms of growth) both across countries within the region and over time.

It should come as no surprise to anyone that the main reason for the relative improvement in the growth figures for 1972 was the rather large increase in the value of exports (18 per cent overall). It is not open to argument that since the incorporation of African economies into the world capitalist system, the driving force of these economies has always been external to these societies; for example the price of cocoa, and oil, the price of imports (i.e. the vagaries of the world market).

However, in order to understand the record, namely feeble and uneven economic performance and the obligatory correlation between the performance of the export sector and the performance of the economy, it is necessary to recall at least the dominant features of the world system into which the African economies were integrated.

The Context: the International Division of Labour

Since the very inception of capitalism (here we include the period just prior to the emergence and consolidation of full mature industrial capitalism in the central countries, namely mercantilism), capital accumulation has always taken place on a world scale. It has been a process whereby various parts of the globe have been fashioned and assigned specific tasks in producing or making possible the production of surplus for capitalist accumulation. Africa's role in this process is now very well documented, the first phase of it dating from the late sixteenth century through to the eighteenth century. This was the phase of primitive accumulation of wealth in what is now the developed centre of the world capitalist system. The repercussions of this phase (mercantilism) for Africa are well known; in Africa it was man himself—not labour—that became merchandise. Slavery in Africa meant massive depopulation (typically of the youngest and ablest members of the societies) resulting in, among other things, the degradation of agricultural and handicraft techniques, and the accentuation of tribal and group conflicts as slave-raiding became a profitable pastime. This phase set the stage for Africa's loss of autonomy, as thereafter Africa began to be shaped by the needs of metropolitan economies and societies (mercantilism at that particular stage) and by the modality of capital accumulation at the centre of the system in general.

The advent of the industrial revolution in Europe—the historical conditions for industrial capitalism having been created through the emergence of a dispossessed wage-labour force in Europe permitting the profitable transformation of money wealth into capital—meant the end of slavery for Africa. But at the same time, there was a new role for the African periphery; that of supplying cheap agricultural produce and raw materials for the industrial machinery of Europe. This new role, however, was to await two developments which were to permit its intensification and efficiency; these being the beginning of formal colonialization and the concentration of capital at the centre on a large enough scale to permit its export abroad thus enabling production on the spot. Formal colonization, of course, assured that the Africans would play the roles assigned to them—that of wage labourers in European-owned mines and plantations as well as direct producers of agricultural exportables. The instruments used were taxation (in money), dispossession of land, forced labour, etc. Of course, for the African periphery, industrialization was systematically refused since it would have been superfluous given the role foreseen for Africa within the international order. We contend also that Africa's role within the international order has not significantly changed in spite of nearly two decades of political independence for a number of African countries.

The international division of labour that always accompanies capital accumulation on a world scale culminates in a number of specific features which are characteristic of the world order: uneven development on a world scale, and the emergence of peripheral capitalist countries (being as they are underdeveloped, subordinated and distorted) as the necessary historical complement of the developed centre of the capitalist system, namely the mature industrial capitalist countries of Europe and America. Today the most casual observer of the international system cannot fail to confirm this thesis which had hitherto been categorically rejected by the bourgeois economic theorists, content as they are with endless repetitions of a bogus theory of linear development which views peripheral capitalist countries as being simply in a transitional stage towards full mature industrial capitalism.

For in the African periphery the pattern of the international division of labour, which required and still requires cheap primary products in exchange for a few manufactured goods, has had dramatic consequences. For a start it has meant loss of control (in any meaningful sense) over their own raw materials, being as they are powerless to dictate the conditions for their exploitation or the rate of their exploitation. For another the structure of production within any particular African country typically has no correspondence to the structure of domestic consumption; a situation which leads to the rather anomalous fact that in spite of the African countries being predominantly 'agricultural' they are food deficit areas—the best lands, resources, credit, etc. being available only for the cultivation of agricultural exportables. It has meant massive surplus transfers, both open (e.g. repatriated profits) and hidden (e.g. transfer pricing and unequal exchange). It has also meant unequal growth and development not just at the continental level (the landlocked countries being practically neglected) but at the level of regions within the same country—the coastal areas and regions with good potential for agricultural exportables being obviously favoured. We need not underline that this is precisely what the record of the past decade and a half testifies to.

In an earlier article, Samir Amin had stressed that one of the manifestations of the limitation of externally oriented growth (in addition to the obligatory correlation between the performance of the export sector and recorded increases in the GDP) is the dual structural crisis of public finance and the balance of payments. The crisis in public finance, far from being the brainchild of African bureaucrats, is the result of necessary increases in public expenditure arising from the infrastructural and educational needs (as well as military needs in order to maintain internal law and order) brought about by integration into the world capitalist system. At the same time, this integration limits the expansion of the country's material base as the consistently poor performance of the African economies amply testifies. There is also an unavoidable tendency towards a deficit in the external trade figures because with growing export orientation and the narrowing of the range and quantity of goods produced for the internal market, there is at the same time an expansion in the range of goods demanded as GDP increases and/or income distribution gets more highly skewed. The record of the past 15 years amply bears him out. For in spite of the fact that 1972 was a relatively good year for exports from Africa, fully 28 countries had substantial trade deficits. In the area of public finance more and more states were obliged to rely on loans and grants to balance their budgets.

We would, of course, be guilty of gross neglect if we failed to mention that the record has not been uniformly bad for all countries or even social groups within each country. For alongside the increasing impoverishment of the bulk of the direct producers there are powerful indigenous groups who have benefited from the distortions in the economies due to their export orientation. Among these groups we would include an emergent agrarian capitalist class as well as a state bureaucratic bourgeoisie. Nor can anyone seriously question the correlation between the growing affluence of a minority and the increasing impoverishment of the majority. In fact it is precisely this that has led some states to demand profound changes within the system and has to date frustrated any attempt at radically modifying the system.

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The very fact that the peripheral capitalist countries are demanding the installation of a new international economic order is for us enough proof that the old order (with its structure of international economic relations) had failed to meet the aspirations of these countries. Further, the list of proposals for a new international order, emanating from the Third World and arrived at at various international meetings, needs to be taken seriously if for no other reason than that it pinpoints problem areas within the old order as well as identifying the preoccupations of the peripheral countries with respect to the future. This said, it is clear that we are not bound to accept all the problem areas identified by these proposals as being of the same order of importance and it is precisely on an attempt to establish a hierarchy of issues to be concentrated on that the rest of this short note will direct its attention.

Our point of departure is that for Africa (as well as for most other Third World countries) the development challenge must be regarded as a continuation of the political struggle for *total* independence. This is so given the historical context and background to the current phase in the international division of labour and our conviction that the major contradictions between dependent and imperialistic states have not evaporated. We are convinced also that the development challenge requires, (a) disengagement from the world capitalist system as a necessary condition, and (b) a radical transformation of the economic, social, institutional and political structures of the dominated African countries. Further, disengagement is only possible within the framework of socialist systems organized over large *self-reliant* regions. We note also that this is a view which is increasingly shared by many social scientists as well as a not insignificant minority of African governments.

We are convinced, therefore, that regardless of the international order, the major battles are to be fought internally at the level of each African country, and not in international forums. These battles concern major structural transformation, social, political and institutional within the countries concerned. To the extent, however, that the engagement of the African countries within the international system is real and will continue to be so within the foreseeable future, it is necessary to review the proposals with a view to identifying which ones are likely to advance the attainment of the longer term objectives, which ones are likely to be neutral and which ones are likely to *frustrate* the attainment of the objectives outlined above.

From the series of resolutions adopted at various meetings for the installation of a new international economic order, we note that one of the primary preoccupations of the Third World countries has been to eliminate all international trade barriers to permit, in the first instance, the growth of exports of traditional products at profitable or non-declining real prices (the indexation problem) as well as to permit the export of semi-processed traditional exports and manufactured products to the developed countries. This primary concern of the Third World countries obviously confirms our earlier statement that the old order had no other use for the peripheral capitalist countries than as suppliers of raw, unprocessed agricultural products at cheap and declining real prices. Beyond this, we note that interrelationship between the three demands cannot be missed and we refer the reader to the sensible critique levelled at this proposal by Ayi Foly Kouevi of the ECA (among others), both as to the realism of the proposals and the likelihood that they would form the basis of a new order no matter how radical.

But then Samir Amin had already anticipated this proposal when he pointed out in an earlier article on 'Development and Structural Change in Africa' that the path of development centring mainly on the orientation of producers towards primary commodities and extractive industries for export is severely limited (if only because the growth of international demand for such products cannot be adequately supported for the entire Third World). Nor do semi-processed primary commodities and manufactured goods face any better prospects in the markets of the advanced countries. For it is difficult for us to see how the developed centre of the capitalist system can absorb any more manufactured goods (taking into account those from Japan, Taiwan, Hong Kong, etc.) without substantial and politically costly structural changes within those societies themselves. The vast array of barriers already in place to discourage such exports is ample testimony to this fact. Of course, over the longer term horizon this would mean accentuated dependence on the markets of the advanced countries—not less—with all the risks attached to it; and it would be directly contrary to the aim of self-reliant autonomous development.

But then what about the shorter term horizon? Indexation of the prices of primary commodities makes sense as a short-term measure to stabilize the prices of raw materials thus enabling exporters of these items to maintain their export earnings plus their import capacity for essential services in a transitional phase towards self-reliance—and this is only compatible with a constant or decreasing volume of such exports not an increasing volume. It would therefore call on all exporters of certain primary commodities to collude in controlling the volume of such exports and would call for the establishment of adequate mechanisms for compensating those countries who lose as a result of having the volume of their exports restricted. It is precisely here, however, that the Third World countries have shown most shyness in international forums. The so-called 'costless' strategy of using OPEC oil surpluses to finance buffer stocks of all other primary commodities simply will not do though it is this strategy that attracts most attention in international forums.

It is just as easy to dismiss almost all the other proposals emanating from the Third World on the grounds that they would badly serve, or not serve at all, the longer-term objective of self-reliant autonomous development, if taken at face value and without the necessary internal structural transformations. In fact, the transfer of technology issue is a non-issue in isolation from the creation of an indigenous technological capacity which at the same time caters to a consumption basket indigenously derived. Further, the demand for the real transfer of resources from the developed centre of the capitalist system to the Third World countries is for the most part wishful thinking. The record of aid, loans, grants, military assistance, etc., originating from these countries towards the Third World speaks for itself. Even during the best times of the capitalist system the aid target was never reached.

It is clear, therefore, that now that the system is in crisis the advanced countries are hardly going to make a special effort to pull along the suffering Third World countries. Even if such a request were to be granted and for whatever reason (moral obligation, reparation for centuries of unbridled exploitation, etc.), it is not clear that it would be in the interest of these Third World countries to subject themselves to another form of dependence whereby their development plans would be made on the basis of a continued recognition by the developed centre of their obligation to aid the poorer countries. Of course if this proposal were *really* accepted, which it cannot be, it would in fact constitute a new international economic system; namely one that is based on the recognition of the mutuality of interests between the various parts of the international system and not on the exploitation of one part of the system to the benefit of the other. But this would be presupposing that the nature of the capitalist system would have changed; i.e. the system would no longer be a capitalist one with major contradictions between the two parts. But it is precisely this which cannot be true.

However, there is one proposal emanating from the Third World which we believe constitutes a real basis for the struggle against underdevelopment both in the long and short terms, and which does not depend on the willingness of the developed countries (with whom they have contradictory aims) to make any concessions. This is the proposal concerning the Third World's inalienable sovereignty over her natural resources. If this sovereignty over natural resources were internationally recognized it follows that the world would automatically recognize the rights of these countries to regulate their exploitation, conservation and commercialization in line with their goals of social and economic progress. It would mean the exploitation and commercialization of these resources to meet with the immediate and longer term development needs of the countries concerned and not, as has always been the case, the needs of the advanced countries or the immediate profit of the foreign companies involved in their exploitation. If the Third World countries took this proposal seriously, it would clearly form the first real basis for *autonomy*. It would form a situation whereby their external economic relationship became *dependent* on the needs of domestic economic transformation and not the inverse; and would lay the ground for eventual disengagement from the world capitalist system substituting in its stead self-reliance even at the level of each African country. In an earlier article we had insisted that this is in fact the only context within which the question of cooperation between Third World countries can be meaningfully posed; that is, the context of each individual country's disengaging from the all-determining world capitalist system. We still hold this view. For it is only in this context that the key economic question, how best to organize resources (either nationally or in a collective self-reliance scheme) and social production to meet the needs of the bulk of the indegenous population, can be unambiguously posed.