THE CHALLENGES OF DEVELOPMENT.

CONTRIBUTION TO BOOKS.

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Edited by
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CHAPTER 1

MAJOR APPROACHES TO ECONOMIC DEVELOPMENT IN AFRICA

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NTRODUCTION

There are in my view, many approaches to attacking the ɔroblem of development in the third world countries. There is an ɜssumption that underdevelopment is an original state, which may ɔe characterized by indices of traditionalism, and that, therefore, ɗevelopment consists of abandoning these characteristics and ɜdopting those of the developed countries. Hoseltiz (1960) argues that achievement orientation, and functional specificity, while underdeveloped ones are characterised by their opposites – particularism, ascription, and functional diffuseness. To develop, Hoselitz counsels, underdeveloped and countries should eliminate the pattern variables of underdevelopment and adopt those of developed countries.

The developed countries are characterised as universalist and not particularist. They are normatively universalist. Yet the reality, the literature, and even the sociological treatment of many developed countries reveal substantial particularism. The developed countries export particularism to the underdeveloped countries, wrapped in such universalist slogans as democracy, freedom, justice, the common good, the economic liberalism of free trade, the political liberalism of free elections, etc.

My concern in this work is the major approaches to economic development in third world countries with particular reference to African. It is important that scholars should endeavour to look at things through African eyes. They should, of course, remain free to draw any conclusion they deem fit, but greater accuracy will be attained if an effort is made to look at events in the context of African culture and society.

In discussing of the major approaches to economic development in African, Offiong (1980), said that there are two major approaches to economic development in African:

(a) The First Approach – the Capitalist Model, is referred to as the stages of economic development theories. These theories were propounded mainly in the 1950s and 1960s.

(b) The Second Approach is the Structural Internationalist theories propounded in the 1960s and 1970s.

THE CAPITALIST MODELS

According to these theories, there are a number of sequential stages through which all countries have to pass. The basic of underlying tenet of this theory is that with the correct quantity and mixture of savings, investment and foreign aid third world countries would be able to proceed on the path of growth followed by the developed countries. This thinking was based on the Marshal plan; (After the World War, Western Europen was too poor, and U.S. decided to aid Western Europe . The decision was made by the U.S. to give money and technical assistance to Western Europe for economic growth. The to achieve this was referred to as Marshall plan). There were two assumption under which this was carried out:

(1) That just as Western Europe was funded and their economy developed, the third world countries, are in the same situation and similar aid pattern will develop their.

(2) The path of development followed by Western Europe or developed Countries who were once underdeveloped. The contention was that once money was pumped into the third world countries, they would follow the same path of development. According to Mair (1967), the most renowned protagonist of this theory is an American economic historian – W. W. Rostow. According to Rostow, there are five stages in economic growth. The five are:

(a) the traditional society

(b) pre-conditions for take off

(c) take off

(d) the drive to maturity

(e) the stage of high mass consumption

The theory goes on to say that the advanced countries have at one time or the other passed through the stage of take-off to sustaining growth. The underdeveloped countries are still in the first and second stage. Therefore, the things the underdeveloped countries should do are just to follow some rules or tricks of development in order to reach stage of take-off, which will lead them to the other advanced stages.

RULES:

According to Nash (1963), the rules emphasized mobilization of domestic and foreign savings in order to generate more for investment so as to accelerate economic growth. According to these rules, the policy should be that every nation must save a certain proportion of its national income. This saving should be used to replace worn out or impaired capital goods. He also contented that the more the savings and the more the investments, the quicker the growth. They also contented that growth is also dependent on how productive an investment is. He defined the take-off stage this way:

countries which are able to save 15-20% of their G.N.P. (Gross National Product) could grow at a much faster rate than those which save less. Moreover, the growth will be self- sustaining.

According to the theory, if a country is unable to save sufficiently, that is, save less than 20%, she can make up the difference through foreign aid or private foreign investment.

CRITIQUE:

One of the difficulties of Rostow's theory of economic development is that it has not worked in the third world countries. Not because foreign aids and investments are not coming but because these two aspects alone are not sufficient for economic take-off. According to Onyemelukwe (1974), in this connection, it has been pointed out that Marshal's plan worked in western Europe which received it because they had the necessary infrastructure for economic development. In addition, they had well integrated market for their goods, they had well stocked money market where will borrow well trained and educated manpower, an efficient government bureaucracy, and an efficient transportation system. These facilities are not yet available in the third world countries.

THE STRUCTURAL INTERNATIONALIST MODEL:

This model of economic development according to Offiong (1980), emerged as a response to the failure of disenchantment of Rostow's theory of stages of as being besieged by a variety of institutional and economic problems. These developing countries are also cut-up in a dependence - dominance relationship with the rich countries. There are two major springs of thought in this position:

(i) The Neo-colonialist dependency model or Marxist approach

(ii) The false paradigm approach

THE MARXIST APPROACH

The Marxist approach views the underdevelopment of the third world in terms of historical revolution. The rich capitalist countries have tended to dominate the poor countries. The theory according to Breeze (1962) is based on the centre- periphery notion and in this relationship, the rich are in the centre of economic activities while the third world countries are in this relationship in the attempt of those in the periphery, (the third world countries) to achieve self- sufficiency is rendered important by those in the centre. The theory goes on to say that in the developing countries, the privileged groups or the entrepreneurs, the merchants, landlords, senior public officers etc. are in privileged positions and hence, they either intentionally on unintentionally working for the perpetuation of capitalism from which they benefit. In other words, the privileged group in the world countries run the economy of the countries for their own selfish interests. They aid the internatonalists system and also take their own position. In the activities of these comprador groups, they are aided by the multinational co-operatives, aid organizations etc. as a result of this relationship with the international system, their activities and viewpoints often inhibit or prohibit any reformist attempt, which could benefit the general public. In short, this theory will blame the poverty of the third world on the international capitalist system and on the activities of the comprador groups in the developing countries (Dalton, 1974).

THE FALSE PARADIGM MODEL:

This theory attributes third world under development primarily to faulty and inappropriate advice from well meaning international experts from developed countries. They blame this on the donor agencies and aid organizations like the IMF, World Bank. Etc. They give all kinds of assistance but often they stipulate what the loan should be used for.

According to Breeze (1962), the theory contents those often the advice given by these people are not appropriate. The theory also contends that leading university intellectuals in the third world countries are usually trained in the advanced countries and usually come back with ideas not related to their local environments. As a result they feed wrong and inappropriate concepts. Since in the advanced countries the Gross National Product (GNP) is taken as an important index of economic growth, they tend to overemphasize this in the third world countries while ignoring the change in institutions (that is, institutional change). The theory contents that in addition to the G.N.P. that is, growth in purely economic sense, social goals should also be pursued. It is possible for the economy to grow but the society can remain underdeveloped – growth without development.

THE CHARACTERISTICS OF THE AFRICAN ECONOMY

Many African leaders often argued that African countries are blessed with many resources in Africa should be noted. In comparison to the highly industrialised nations of Europe, per capital land area in Africa under cultivation is three times higher, livestock per capital twice is high, while grazing land unit of livestock is about seven times as high. The minerals output of the world, and this estimate excludes coal. The primary energy resources of Africa, comprising petroleum and natural gas, hydropower and coal are enormous (Redfield, 1953).

Green and Seidman (1968: 73), have adequately listed the characteristic of African economies as follows:

(a) A high ratio of import to national income, with a narrow range of exports (mineral and agricultural) by an undifferentiated mass of unskilled labour.

(b) A high ratio of imports of gross domestic product, with the bulk of manufactured, consumer, intermediates, and capital good being imported.

(c) capital imports, including reinvested – foreign earnings at a high level in relation to aggregate domestic investment.

(d) Small national markets, which make difficult radical shifts in the pattern of
production.
(e) inadequate public sector revenues and low domestic private savings, which act as deterrents to financing even those lines of production consistent with small national markets.
(f) Limited scientific, technical and managerial capacity with consequent reliance on external sources for almost all requirements pertaining to technology and applied research.
(g) Coupled with the fact that African economic structures are ruthlessly exploited by former colonial metropolitan powers is the high rate of population growth in African.

TO WHAT EXTENT ARE AFRICAN COUNTRIES UTILISING THESE APPROACHES

Although the stage of economic growth has beer found to be unworkable, some African countries are still following these approaches. These approaches involve both investment and savings of certain percentage of the country's G.N.P. It also involves the help of international bodies like the World Bank and IMF.

The countries, which have been noted to be following these approaches, are Kenya, Ivory Coast, Sierra Leon, Togo, Nigeria, and a few others. But with the exception of Nigeria, there are also the countries, which are said to be doing very well by African standards, Nigeria is not doing badly but the view is that she could have done better. The appraisal giving praise to these countries are rather premature because their so-called credit performance has been short-lived. Not because investments have not been coming but because of the lack of necessary infrastructure to achieve a take-off.

Another problem they faced and which made their so-called success to be short-lived is that they have not been able to save the requisite percentage of their G.N.P's and, therefore, have to depend almost entirely on foreign investment and foreign borrowing. For example, Ivory Coast, Togo and few others, have their burdens being maintained by France. However, the foreign sources of supply are not inexhaustible. These countries also suffered from the problem mentioned in the false paradigm model, namely, that since they have to depend on foreign investment, it is foreign experts who normally come to prescribe their path of development for them, etc. As a result of these problems, these countries, which started, well soon found themselves in serious difficulties, examples, Ivory Coast. Since most African countries preach socialism, it is natural to expect them to follow the neo-colonialist dependency model. These approaches call for restructuring of the economy on Marxist. It will mean also the elimination of the comprado groups, example, the elites, the landlord, etc It will also involve the complete rejection of the agents of international capitalist, example, the World Bank and IMF. So far, only few countries can be said to have followed the approaches out of the many African countries preaching socialism with any consistency, example includes Guinea, Ethiopia, Tanzania and Kenya.

The difficult of these approaches can be seen in the fact that although these countries are not really poor by African standard, they happen to be placed where economic hardships are very noticeable. The reasons for this according to Offiong (1980), includes:

1. "The plain truth is that the forces of international trade and international relations are such that one cannot successfully do it alone without the help of foreign of international investment or imperialist intervention. They preach self-reliance, restricting their societies by establishing communal villages but these do not suffice.
2. The second problem is that the comprador groups do not give up easily and this lead to acts of sabotages both military and economically, example, in Angola.
3. Another problem is that the populations of these countries were traditional and basically anti-socialist in character,

mobilisation of the masses to adopt socialist ideals presents a great problem.

4. There are also active hostility and forces of international policies through sabotage undermining these country stability, example, Zimbabwe, Angola etc.
5. The third world countries have not been doing well because they do not have the means to train their people locally. The dependency model has argued that the third world remained so because of the brainwashed professors trained overseas. Although they do not want people to be trained overseas still they do not have the means for doing otherwise.
6. Similarly, most African countries are not capable of developing their own educational curriculum, so their styles are still based on the European models, which they criticise. As a consequence, the programme has not been working".

In both Asia and Africa only few countries have subscribed to the communist ideology. In Asia, it is only China, Indo-China and North Korea that have fallen for communism. Communism failed to take complete hold of Asia, example India with its poverty and large population. Such a factor as religion is one of the reasons for the success of communism in China and failure in India. On the whole, as in Africa, most of the countries in Asia tend to follow the middle way, that is they are not totally capitalistic or communist. Like Asia and Africa, the spread of communism in Latin America is Limited.

In conclusion, the major approaches to economic development in Africa are ideal ones but the extent to which the African countries have implemented the approaches is a great problem.

The third world countries are lacking the necessary infrastructures for economic development in the light of the approaches. The third countries are very vulnerable in international relations. The poverty of these third world countries can also be seen if one considers the rate of their population growth. African like other third world countries is experiencing many problems.

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