

TOWARDS A NEW MODEL OF PRODUCTION-  
AN ALTERNATIVE TO NEPAD

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## **Introduction**

In our paper entitled: “NEPAD: Historical Background and Prospects” [Nabudere, D. W [2002], we argued that the New Partnership for Africa’s Development-NEPAD was an externally-oriented initiative that avoided the issue of the mobilisation of internal social forces and natural resource of the continent as a major factor in Africa’s rejuvenation and rebirth. We also argued that the NEPAD avoided addressing the political issues that impinged on the continent’s capabilities in addressing the conflicts that are rife on the African continent and which inhibit the continent’s ability to transform itself. We further argued that the notion that Africa needs a “new partnership” with the “development partners” in order to “develop” itself ignored the history of Africa’s relationship with these former colonial powers and the realities of the current corporate economic globalisation, which continues to marginalize the continent through the exploitative structures of global capitalism.

We believe all these problems facing the African continent arise in part from the fact that the African people have been weakened by these structures of exploitation and domination, which NEPAD avoids to interrogate and challenge. We therefore believe that without the pressures and struggles of a strong African civil society at global and local levels, issues of socio-economic transformation of the continent will not be resolved or even handled in a democratic and empowering manner.

## **What s the Problem?**

The above summation implies that, the African people must continue their struggles for the dismantling of the old economic order instead of compromising with it if we are to address the kind of issues that NEPAD tries to address and which it avoids to address. In short, we argue that the demand for “good governance” within Africa, which is the cornerstone of the “new partnership,” must be addressed within the same process as the demand for the establishment of good governance within international institutions such as the World Trade Organisation-WTO, the International Monetary Fund, the World Bank as well as the transnational corporations.

The present theories and practices of the existing world order militate against weak African economies succeeding on the basis of globalised capitalist competition. Africa has become a ground for monopolistic competition in which the African people are marginalised and therefore to hope that weakened African enterprises can compete against huge transnational corporations is an unrealisable illusion. African civil society and the African communities in general must insist that African recovery that is advocated by NEPAD cannot be realised under existing global conditions. We must, therefore, challenge the idea that global economic integration in its present form and content is “inevitable” nor even “desirable” for all communities in the same way.

In this connection, it must be realised that the present plunder and pillage that has characterised Africa’s position in the global economy is a consequence of its enforced integration into the global economy rather than its exclusion from it, as the NEPAD document seems to imply. It has further to be realised that the new imperialism called “globalisation” is not a market-driven phenomenon, but a historical-political process, which is highly state-based, state-regulated, and state-driven through undemocratic institutions like the Bretton Woods system and the WTO. Furthermore, the system is power-based and power-driven in the hegemonic power structures which have been built around the United States as the sole “super-power” in the post-war period.

It is because of this power existing as a global reality that ensures that the rich and powerful countries of the world led by the US and EU advocate “free trade” and “free Competition” for the poor countries while they persistently practise colonisation, monopoly, subsidised agriculture and protected industries (such as steel, textiles, and other production lines) in their own countries. Such monopolistic globalisation can never empower the poor and disempower the rich. To hope that the rich will cancel debts, increase direct foreign investment in Africa, which dislocates their monopoly, and change market rules to give more “market access” to African products, which are in any case underpaid, as NEPAD presupposes is to deceive oneself.

It is therefore important for the African people to struggle in different ways for the realisation of a new world order that gives a chance for the poor of the world to “compete” in their own conditions for a sustainable way of life not one based on state-sanctioned individual greed of the rich world against the vast poor majority in the world. A step in this direction was the successful organisation of the World Social Forums by civil society organisations in Porto Alegre, Brazil during the last two years where the banner-slogan of civil society was: “*Another world is possible.*” In pursuance of this struggle our duty as an African civil society is to dispel illusions of the mainstream state-sponsored agendas, which advocate the extension of the neo-liberal agenda throughout the world under different programmes such as the WTO, NEPAD and other similar schemes, instead fighting for the creation of *another world*.

It has to be noted that under the current neo-liberal globalisation agenda, “development” has been placed in a straitjacket. Instead of economic globalisation benefiting everyone, the present order has *globalised poverty* rather than development, violating rather than respecting the basic human rights and freedoms of peoples throughout the world. Instead of promoting solidarity between peoples, neo-liberal corporate globalisation continues to advocate the unequal competition of all the peoples in the marketplace in the same way, where the weak cannot cope and where each person looks only to his/her own interests rather than promoting solidarity amongst peoples. Such a model of global relations cannot promote social cohesion, stability, and lasting peace in the world. On the other hand, a people-propelled transformation in which the local knowledge of all communities is utilised is possible and must be pursued as the new model of universalism based on mutual respect between all peoples.

African civil society should expose all the illusions contained in the NEPAD that create the impression that economic globalisation will promote “growth” or “development” on the African continent. That in this connection there is no evidence in the history of modern development, which establishes a necessary causal relationship between increases in capital flows and economic growth. European experience proves that the mobilisation of internal resources is the key to bringing about social-economic transformation. That there is also no empirical evidence to back up the proposition that increased trade by itself leads to development. On the contrary, under imperialism and colonialism, to which Africa was subjected, increased trade with Europe led to increased exploitation and domination. Current experience shows that increased trade, on the terms imposed by “the market,” has led to increased marginalisation, fragmentation and weakening of the African people and the post-colonial states. This should dispose of the illusion that African countries need

more direct foreign investment for their economic growth or that Africa needs more “fair” trade instead of aid for development to take place. Both propositions are false.

In fact, contrary to the NEPAD document and the “development partners” in whom the African leaders place their faith, countries that have liberalised without holds and opened up their markets due to western pressures have suffered, while those which closed certain sectors of their economies such as “Tigers” and China, have shown high levels of economic growth. This is not only true of these countries alone. All the developed capitalist countries who vast resources and economic surpluses, have never opened their entire economies to “free trade” and “free competition.” All of them have engaged in agricultural and industrial protectionism since their “modernisation” began and this is what contributed to the rivalries that led to the two world wars in recent history.

Such protectionism, which has continued up to the present, has meant that inefficient agricultural and industrial producers in the rich countries have not been subjected to market pressures and discipline as is demanded of the weak African economies. Instead agricultural producers in these countries have been rewarded through tariffs and subsidies amounting to about \$ 9 billion dollars per day in the European Union alone. Recently the US advanced billions of dollars to protect the steel industry. Such countries cannot insist that African countries should be “accountable” and “transparent” in their governance while they maintain their own non-transparency and opaque structures and social relations in international economic arena.

Fidel Castro has recently pointed out that, the recent growth in financial sector under globalisation that has taken place since mid-1980s has not resulted in more trade and growth of the world economy, but less. He observes that between 1975 and 1998, a period dominated by monetarist and neo-liberal policies, economic growth amounted to less than half of what it had attained between 1945 and 1975, a period dominated by Keynesian policies of market regulation and the active participation of the state in the economy [Castro, 2002], Rodrik, 2001, Tandon, 2002]. Therefore it cannot be true that state “interference” in the market in the 1960s and 1970scan alone explain Africa’s subsequent decline. On the contrary, Africa’s economic performance was “better” in this period than it is today. Instead, Africa’s economic growth since the emergence of the neo-liberal “open markets” has declined by something like 50 per cent of what it was external aid and capital flows have not led to corresponding growth in the African economies, and a decline in capital flows cannot explain this large decline in growth and well-being of the African people.

We are not here arguing for the restitution of an active role for the post-colonial state in development. Indeed, our position is that it should be dismantled to allow the African people to create new forms of state that are democratic and responsive to their needs and aspirations. All we are doing here is to point out the facts. This also goes to prove that economic globalisation, as far as Africa is concerned, has resulted in a greater weakening of African society than is being asserted by the Bretton Woods institutions. NEPAD does no more than repeat some of the statements of these institutions. In some cases the assertions support the need for change, but the solutions offered are the same ones, which failed in the past.

There is a clear link between the impoverishment of the African masses and the great growth in the wealth of the rich countries through globalised “competition.” According to Oxfam, the export earnings of the countries of the South could rise by over \$ 127 billion if the rich countries, which protect their industries, were to open them to exports from the poor countries. Such additional income alone is more than

double the \$ 64 billion NEPAD is seeking from the G8 countries for the implementation of the programme. Moreover, agriculture, textiles, clothing and leather products are the sector in which Africa and other poor countries have a “comparative advantage,” but “the market” dominated by the big industrial countries does not reward these advantages.

On the contrary, these industries are protected in the North. Is NEPAD therefore correct to insist that under these conditions, Africa has a “comparative advantage” because of her ownership of certain natural resources in the face of these realities? Can this be the basis for attracting investment from the very countries that do not respect “free trade?” Is there no case for African countries reflecting more on how African resources can be better exploited to meet the needs of their population instead of worrying about “foreign investors” as if they hold the key to the transformation of the continent?

That instead of African leaders “surrendering even before they have been attacked,” and going on our knees to beg for investment (by creating “new” KNEE PADS!), they should join civil society and their communities in insisting that the G8 countries should conform to “the market” rules of “free trade.” They should point out to them that the G8 economies are not guided by economic rationality in their policies of corporate globalisation, nor do they have any moral basis for claiming that economic globalisation benefits everyone. For this reason the NEPAD cannot claim that aid, expansion of direct foreign investments, improvement in “market access” and debt cancellation will lead to greater economic growth and “sustainable development” for the African continent.

Africa has received more western ODA aid per capita than any other region of the world., but this aid, which in most part is for balance-of-payments purposes as well as being tied to the economic and political interests of the “donor” community, contributes little to economic growth or social development of the continent. In fact it can be stated with confidence that this high dependence of African economies to the donor countries is what perpetuates its weakness and increases the power of foreign capital over the African economies. As Soludo and Makandawire have noted, it is because of this fact that the aid-recipient relationship in Africa has developed “into one that neither generates mutual respect nor synergistically harnesses the capacities of all those involved.” Instead of doing this, it has generated an “aid syndrome” and “aid fatigue” [Soludo & Mkandawire, 1999:120].

This kind of situation must be resisted instead of being perpetuated in the way NEPAD tries to do. The hope that “development partners” will continue the same old game, even with increased leverage over African economies, also puts into question the commitments made by African governments at the Earth Summits on sustainable development. Africa should be the champion for Agenda 21 agreed in Rio de Janeiro in 1992 and which was affirmed in Johannesburg in 2002. What is even required is for civil society-both African and global-to adopt new paradigms and solutions that goes beyond mainstream definitions sustainability and insist on a more people-driven understanding of the same in the process of the struggle for a new order. Accordingly, African civil society should not tail behind agendas set by the new imperialism, which try to incorporate them and “other stake-holders” into mainstream programs of domination such as the NEPAD.

Our task is to critically define a radical transformative and emancipatory agenda that can empower the impoverished majorities in the poor countries towards a new model of production and distribution, at both local and global levels. Social Research in societies like ours must seek to emancipate and empower the

marginalized communities and to fight for their rights for self-transformation. We cannot carry out this task if at the same time we ask to be part of the implementation of new programmes of the new imperialism and its agencies such as the NEPAD. Our duty is to work closely with the impoverished and marginalised communities towards an alternative model of accumulation and production.

### **Towards an Alternative Agenda for Africa's renaissance.**

The above critique of NEPAD and the global economic order, on which it is premised, implies the need to define a new order. To accomplish this, Africa must define an epistemological basis on which new paradigms and methodologies can be developed as part of a new universalism that recognises all human societies as the *locus* of valid knowledge. This must begin from the proposition that the present world economic and political order is unsustainable and cannot be defended by the African masses. *Another World for Africa Is Possible and it can be realised.* What is this world? In his articulation about the need for an African Renaissance, Thabo Mbeki has called for an African “rebirth” and Africa’s “recovery of memory.” This is essential if we have to move forward, because at certain moments of history, society has, a Lenin once said, to “take one step backward, (in order to take) two steps forward.” Mbeki’s call is therefore *the way forward*, but his championing of the NEPAD as the only way forward pushes us many steps backward with no hope of ever going forward.

But contrary to what President Mbeki and some African leaders, such as President Obasanjo of Nigeria and President Wade of Senegal have been saying, the NEPAD is *not* first and foremost a “new partnership” between the leaders and the African people. It is simply a “compact” between the African leaders, and their “development partners” in which they promise to “govern” better than before. Through the compact, the leaders have “committed” themselves to a new partnership with the donor community, in which they pledge good behaviour through “good governance” so that they may obtain financial resources for their project. This is because in the very first statement of the NEPAD document it is declared that:

“This New Partnership for Africa’s Development is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic. The programme is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world” [Para 1.]

This ringing statement is the expression of the Top-Down approach that has characterised African leadership since Africa attained its political independence. Just as the Organisation of African Unity-OAU has been a Club of Heads of State, so the African Union, which it purports to replace and under which NEPAD will be administered, will pursue the same style of leadership.

It is not clear on what basis the African leaders are able to declare that the NEPAD constitutes a pledge based on a common vision and a firm and shared conviction with their own people, when none of the 600 million people of the African continent were ever consulted about this “new partnership” either through their civil society organisations, local councils, or even their “national” parliaments! The first time some of the African people heard about the NEPAD was through newspaper

reports about the fact that some African leaders, led by President Mbeki, were touring the developed world seeking support for the programme, which was not even drafted at the time. This kind of leadership cannot claim to be democratic. Nor does the approach reflect any democratic values, which their societies aspire to. The approach still looks upon the African masses as objects of development for whom solutions are worked out by the leaders, their foreign experts and the “development partners.” Like colonialism of the past, the Africans still continue to live under oppressive conditions meted out to them by the same leaders, many of whom have never been elected in a free and free democratic election.

In April 2000, the author of a leading cover article in the *Economist* entitled: “Africa: the Hopeless Continent” [April 14<sup>th</sup>, 2000] argued that Africa can never make it in the rapidly globalising world, if the continent’s leaders do not stop mimicking the colonial system they inherited. The article, although it contained a lot contradictory analyses, was nevertheless insightful in this respect. It noted that the expectations that had been generated by the “new breed” of African leaders for democracy and economic reform and which gave rise to the idea of an African renaissance had turned out to be “an illusion.” It argued that the most damaging aspect of European imperial rule in Africa had not been political or even economic but psychological in that European colonial rule in Africa had lasted just a couple of generations but that this was “long enough to undermine African societies, institutions and values.” It added that this was not long enough to replace these values with new ways of life or establish new systems of government.” It added quite correctly that colonialism had undermined “Africa’s self-confidence” in the process.

In a criticism that can be equated to the African leaders attempt to replace the post-colonial economic and political arrangements with their former colonial powers with the NEPAD, the author of the article pointed out that the African nationalist elite, which rushed to take over power in the post-independence period, did not deconstruct the colonial state, nor reconstitute a completely new national state. They merely proclaimed “national unity and denounced tribalism.” But they soon found, like the imperial powers before them, that “manipulating tribal affiliations was essential to preserving power.” These leaders even went further to personalise power through patronage and clientism. By so doing they undermined rather than boosted national institutions. The author came to the crux of the matter when he observed:

“The African ruler finds himself trapped. He wants power and control; but the outside world (of capital-DWN) makes demands about democracy, human rights, and good governance, which weakens his position and could cost him his job. If he cannot use the treasury as his private bank account and the police as his private army, he tries to create alternative sources of wealth and power. This is why more and more African rulers are turning their countries into shell states” [Ibid].

The author of the article tries to find a solution to this kind of dilemma of the African post-colonial state and the political elite at its helm. He asks the question whether Africa can change this situation and his answer is in the affirmative: “Yes, Africa can change”. He points to the possibilities of economic growth, which can come out of change but profoundly adds: “but real change needs something deeper than quick spurts of growth”:

“More than anything, Africa’s people need to regain their self-confidence. Only then can Africa engage as an equal with the rest of the world, devising its own economic programmes and development policies. Its people also need the self-confidence to trust each other. Only

then can they make deals to end wars and build political institutions; institutions that they actually believe in" [Ibid].

If this is to happen, then we have to be serious in creating conditions for a real deep African renaissance that does not build on the fragile and oppressive structures of the European-created post-colonial 'shell states.' Shell states cannot deliver, nor can they generate and support an African rebirth. They have, in any case, become "failed states" as well as "weak states"-weakened by the very processes of neo-colonial oppression and exploitation that NEPAD seeks to remedy through "capacity building!" The "renaissance" envisaged by such states and such a weak and dependent political leadership cannot in fact come about. That elite which has lost the self-confidence to 'deconstruct' and reconstitute the post-colonial and post-apartheid states cannot build an African renaissance.

In that case, such an African renaissance must come from the people themselves, inspired by a new intellectual and political leadership that can chart a new paths for themselves. Through their continued struggles, they can deconstruct and reconstitute the post-colonial and post-apartheid state, creating new pan-African institutions and agencies that reflect their needs, aspirations and capabilities. Only then can the African people find respect from the rest of humanity and thereby rehumanise the world through a liberation of their society.

First and foremost, the new Pan-Africanism must be people-centred. The African Union, which is being formed to replace the OAU, cannot bring about the required unity of the African people and its Diaspora to regain their self-confidence. It follows that only a cultural movement that aims at a political reunification of the African people and the people of African descent in the Diaspora is the key to generation of the necessary enthusiasm for an African renaissance, rebirth, and recovery of memory. This reunification is only possible on the basis of mutual respect and cooperation between African peoples and the international community, which is a precondition for a cessation of conflicts on the continent, and the unleashing of its human potential. A study of the relationship between Africa and its Diaspora therefore becomes imperative as the only basis on which such unity and cooperation can be achieved both spiritually and institutionally.

This spirit of pan-Africanism does not inform NEPAD's short and long-term perspectives. The leaders believe that the programmes they have designed can be achieved on the basis of two strategies. One in which certain projects, such as infrastructure and energy, will be implemented as "continental projects," while others will be handled by "national" institutions but through the existing regional economic institutions as "building blocks." Both strategies are flawed. To be sure, continental projects will not take off without continental institutions that have the power and political leadership to implement them within each of the numerous states. They will clash with the "national sovereignty" of each of the member states and the interests of the elites governing them. In short, these projects will simply be avenues for extortion by national political and administrative bureaucracies who will have to collaborate in their implementation. The strategy will fail and even weaken further the enthusiasm that may have been generated for the regional projects under the project of territorialism and continentalism.

Secondly, regional integration schemes and arrangements have failed to take off, despite the good intentions that they would constitute "building blocks" for a Pan-African state. They have been flawed by the very ideologies of market integration that characterise our relationships between African and the developed

world. Using “free trade” formulations as their guiding principles, they have failed to generate industrial production that is complementary. As a result member states have ended up trading in the same goods and services related to their position in the world markets as producers of raw materials and primary products, whose prices decline as those of the manufactured goods they import rise. Intra-African trade between member states has declined as that with the developed world has marginally increased. African economies, instead of establishing “backward and forward linkages” within their internal production have instead been vertically integrated by transnational corporations of the G8 countries. With this kind of result on which NEPAD wants to build, there is clearly a basis for a completely new vision for Africa’s rebirth.

### **A Research Agenda for an Alternative Agenda.**

For civil society to become involved in the formulation of an alternative model of production and distribution or, what some people have called an alternative “model of accumulation” to NEPAD, we must first be informed by the situation on the ground in key areas that can create a reorientation in the way we view ourselves and our resources. The following key areas of research need to be pursued and here civil society regarded as “practitioners” must link up with the communities, in whatever form, together with the scholarly community to define a new agenda for Africa’s rebirth. The key elements of this agenda would include:

1. *Epistemological Foundations*: This research seeks to ground the way we look at ourselves as Africans instead of looking at ourselves through Eurocentric looking glasses—a paradigm that dominates most of our “developmental” thinking in Africa. This is the key to recreating self-confidence in the African people and us. Michel Foucault, in his book: *The Order of Things: The Archaeology of the Human Sciences* [1970], coins the concept “episteme” from its Greek origin to mean the fore-conception of any investigation in the search for knowledge. An episteme is, according to him, formed before hand through an “inner structure of being,” which constitutes its “order.” It is this “order” that arranges the “world of being” through which the “symbolic disclosure” of people is produced by that “order.” According to Foucault:

“Order is, at one and the same time, that which is given in things as their inner law, the hidden network that determines the way they confront one another, and also that which has no existence except in the grid created by glance, an examination, a language” [Foucault, 1970: xx].

This means that every speaker or investigator acts in accordance with the symbolic order of which he/she may at times be unconscious in the activities within the given culture and “discourse framework.” According to Foucault again: “The fundamental structures of a culture—those governing its language, its schemes of perception, its exchanges, its techniques, its values, the hierarchy of its practices—establish for every man (and woman) from the very start, the empirical orders with which she/he will be dealing and within which he will be at home” [Ibid-adjusted for gender considerations]. It is these prior historical and cultural forms, which constitute the ordered space that makes possible the articulation of particular statements while excluding others, in what we call research or investigation.

For us as Africans, therefore, we have an *afrocentric* discourse framework of foreknowledge of our world, which must inform the epistemological basis of our knowledge, understanding and practice. Molefi Kete Asante, the main exponent of this African philosophic world-view has described Afrocentricity as:

“[The] centrepiece of human regeneration. To the degree that it is incorporated into the lives of the millions of Africans on the continent and in the Diaspora, it will become revolutionary. It is purposeful, giving a true sense of destiny based upon the facts of history and experience. ... Instead of looking out from one’s own centre, the non-Afrocentric person operates in a manner that is negatively predictable. The person’s images, symbols, lifestyles, and manners are contradictory and thereby destructive to personal and collective growth and development. Unable to call upon the powers of the ancestors, because one does not know them; without an ideology of heritage, because one does not respect one’s own prophets; the person is like an ant trying to move a large piece of garbage only to find that it will not move.” [Asante, 1988: 1].

This Afrocentric world outlook must, however, have a methodology that is opened-ended in order for it to be able to enter into hermeneutic relationships with the other worldviews and knowledge systems. This is necessary if African knowledge systems are to be able to enrich and be enriched by other knowledge systems and become part of the global knowledge systems that draws from all sources. At the vanguard of this philosophical and epistemological rediscovery must be constituted a cultural movement that can be the driving force for a new paradigm of knowledge based on African practical knowledge able to constitute the basis for technical and emancipatory knowledge, upon which an alternative vision for an African rebirth can be possible. I have in my monograph: *The Epistemological and Methodological Foundations for an All-inclusive Research Paradigm in the Search for Global Knowledge* [Nabudere, 2002], attempted to lay the basis for such an approach.

2. *Creating registers and directories of African natural resources*: The NEPAD in the second part of the document prides itself with a declaration that Africa’s place in the global community is “defined” by its rich resource base “that has served humanity for so many centuries.” The document lists these resources as being:
  - The rich complex of mineral, oil and gas deposits, the flora and fauna, and the wide “unspoiled natural habitat, which provide the basis for mining, agriculture, tourism and industrial development.”
  - The ecological lung provided by the continent’s rainforest, and the minimal presence of emissions and effluents that are harmful to the environment-a global public good that benefits all mankind.
  - The paleontological and archaeological sites containing evidence of the origins of the earth, life, and the human race, and the natural habitats containing a wide variety of flora and fauna, unique animal species and the open uninhabited spaces that are a feature of the continent.
  - The richness of Africa’s culture and its contribution to the variety of the cultures of the global community [Para 10].

This celebration of Africa's natural resources is not intended to provide a basis for working out a programme for internal resource mobilisation as part of the resources required for implementing the NEPAD. Far from it. It is merely used as a basis for "another begging!" In Para 17, the NEPAD document refers to the new millennium as a period in which "humanity is searching for a new way in which to build a new world," but does not state how these resources can in a practical way contribute to the creation of that "new way" for Africans. Although the NEPAD document refers to indigenous knowledge, it does not link that knowledge to this physical resource base and therefore it cannot see the strategic importance of protecting these "soft" and "hard" constitutive elements of Africa's riches as vital for her renaissance.

In our view, this should have formed the basis for a reflection of how both elements of this resource-base can now be turned to the needs of the African people instead of them being exploited for the needs of the "global community." But such a reflection is not possible unless an attempt is made to research and identify these resources concretely, indicating various ways they could be used to benefit the poor majority on the continent. This is the major weakness of the NEPAD as a programme for Africa's rebirth. It is necessary for civil society to bridge this gap by initiating certain processes that will include research, the creation of registers and protocols for their exploitation and use for the benefit of the African people and humankind in general. This will ensure that these resources are protected to avoid biopiracy and bioprospecting by big corporations for individual profit, which takes place without the knowledge of the peoples concerned.

It is now widely acknowledged and recognised that natural resources are store of genetic and biological materials that are useful for the production of pharmaceuticals and herbal medicines of various kinds for the treatment of human and animal diseases. What is important in this recognition is the fact that the plants and animal species on their own do not constitute value. The crucial element is the existence of indigenous knowledge about these resources, which the indigenous communities possess. It is this knowledge that provides the basis for the exploitation of these resources by the big corporations, since these herbal resources have no value without such knowledge about them. The corporations pirate such knowledge without any protection being extended to the communities by their "national governments" or without the corporations paying for it. In the words of Catherine Odora:

The erosion of peoples' knowledge associated with natural resources is under greater threat than the erosion of the natural resources themselves. Questions therefore need to be asked as to why the most disadvantaged people have to carry the heaviest burden of maintaining genetic diversity for future generations. Indigenous herbalists, veterinary experts and pastoralists know a lot about the habitats and life cycles of plants and animals, various other aspects of other resources. Yet, efforts to build upon knowledge systems of people who have maintained their natural resources are, so far, quite inadequate" [Odora, 2002:7].

This is in fact an understatement. There is in fact hostility to African knowledge systems by the western-oriented political elites in Africa. The

traditional custodians of indigenous knowledge find themselves exposed to western predatory activities because the African governments still act as colonial governors. This is why there is an increasing number of court cases being filed by indigenous communities against corporations and even against “their own governments” governments for the infringement of their indigenous collective intellectual rights. African governments are therefore not to the task of developing protocols for the protection of the rich material, intellectual and cultural heritage that they boast about in the NEPAD. In our view, civil society should champion the protection of indigenous knowledge systems and the natural resources on which such knowledge is based, as a basis for Africa’s recovery. This alone can earn Africa billions of financial resources that can contribute to Africa’s socio-economic transformation and at the same time create the conditions for the restoration of weakened confidence that the Africans had in their own world before European invasions. This is the essence of the *African renaissance*.

3. *Mobilising African People into Federated States*: It is clear that the attempt to attract foreign investors to the African continent has not been successful despite the fact that economic returns to capital per dollar are higher on the African continent than all the other continents of the world. Despite this advantage, large-scale direct foreign investment to Africa has been shy to come. At the same time, even African savings are shy to stay home and high levels of capital flights have taken place (as we shall see below). The major reason for this is the persistence of instability and conflict on the continent. These conflicts are becoming increasingly internal within countries and communities and those, which are external, are mainly caused by the African leaders supporting rebellions in the neighbouring countries. Recently President Moi of Kenya made the following statement to the visiting OAU Secretary-General Amara Essy: “It is wrong for certain African leaders to support rebels in other countries, as supporting them is against the concept of leadership and maintenance of peace and security on the continent” [*New Vision*, Kampala, 28<sup>th</sup> June 2002].

In the Programme of Action section of the NEPAD document, emphasis is placed on peace, security, democracy, good governance and the rule of law as preconditions for “sustainable development,” and yet at the same time, the leaders are the main perpetrators of conflict within and outside their own states. How can the NEPAD objectives ever be achieved in this kind of environment even if all the money being sought from donors were to be made available? It is clear that the most single cause of conflicts on the continent arises out of the unviability of the present African states. This is what explains their weaknesses, which NEPAD seeks to deal with through “capacity building.” But the issue is not one of capacity failure, but of fragmentation of human and financial resources inherent in the small and unviable mini-states, side by side with unmanageable mega-states like the DRC and Nigeria.

To get rid of this dilemma, civil society must programme its activities beyond their “national” borders, to start with, and build their activities on a pan-African basis. At the same time, they must embark on research efforts aimed at investigating possible federal systems of government that can create more political cohesion and unity of the present colonially created territorial

states into a single-United States of Africa based on a confederation or regionally federated states, with coordination mechanisms at the continental level. Such an arrangement should at some level involve the African Diaspora.

4. *Building on existing capital resources in the communities:* Apart from natural and indigenous knowledge resources referred to above, the African masses do have an accumulation of spiritual, cultural, physical, and financial resources which they have accumulated throughout history and on which their communities are able to survive. Culture can no longer be looked at merely as a tool for entertainment in the form of dances and songs for leaders at official government ceremonies. Culture has always been a force for transformation and has formed the basis for African liberation and emancipation. It is now acknowledged to be an important political instrument for peoples' identity, self-definition and social transformation. Professor Kwesi Prah has consistently argued that cultures are the "missing key link" in peoples' development. The development of African languages is in fact the key to this "key link."

In addition to culture in this form, the Africans as experienced survivalists have a developed system of accumulation of resources through spiritual means such "burial societies" which mobilise funds for the burial of the dead and for other ceremonies and rituals. In some countries such as Lesotho, Swaziland, South Africa, and Botswana these burial funds are large and are capable of being built upon for small-scale agro-industrial development. In Lesotho, our research revealed that there were a large number of burial societies, which had constituted themselves into consortia, holding large amounts of funds in savings schemes. In Tanzania, these funds were being used for business and sporting activities. There are thousands of small-scale savings funds in the rural communities that can be built upon to mobile financial resources as part of pan-African national capital. This requires a leadership, which is dedicated to rural mobilisation, enlightenment of the masses and their emancipation on the basis of their heritages and energies. Pan-African economic transformation is impossible without the social transformation of the countryside for which a new model of economic and social transformation is necessary.

5. *Domesticating African Savings:* It is well recognised that something like 40 per cent of African savings find their way out of Africa in the form of "capital flights" to be invested in other economies, mainly developed ones. In contrast, in the period between 1965 and 1980, levels of investment financed from domestic and public savings increased in such a manner that they compared favourably to those of other developing regions [Mkandawire & Soludo, 1999: 9]. This weakening in domestic investment and savings is made worse by large-scale plunder and theft of revenue resources, some of which is given as "aid" for African development. Those in authority including the presidents who will sign the NEPAD carry out this plunder. They have themselves at an OAU Ministerial meeting in Addis Ababa estimated this theft at \$ 150 billion annually. This is more than double the amount of foreign investment and aid projected as being required under the NEPAD programming! It is because the leaders recognise the corruption in their countries that they have "committed"

themselves to “good governance” as a basis for the “new partnership” with the donors.

It is doubtful whether the Peer Review Mechanism, which NEPAD is proposing, will be able to deal with this endemic disease, which undermines African transformation at the very root. The disease is within the leadership and not in African culture, as some academics and scholars have argued. However, it is the duty of civil society to deal with the issue by focussing on it. To do this we need to carry out research as to the causes, which lead to African savings leaving the continent. Some of the indicators which can help us carry out such a research include:

- Hostility of African regimes to indigenous capital development because of the fear that such a capitalist class would become politically “dangerous” to the rulers [Mkandawire & Soludo, 1999:11].
- The denial of investment inducements to encourage indigenous capital to invest at home. Instead attractive inducements are given to foreign capital, which in turn discourages local capital to play its part in the transformation of the continent. As it were, lack of domestic investment also tends to act as a disincentive to foreign capital.
- Political harassment of opposition within the African countries. Capitalists belonging to opposing groups are marginalized and denied access to state contracts. Many fear for their lives and as a consequence go into ‘exile’ where they invest their capital.
- Conflicts within African countries frighten not only foreign capital but also national capital, which instead find its way out of the continent.
- High taxes and bureaucratic procedures, which discourage domestic investment, instead of encouraging it.
- Higher returns on money in hard-currency financial markets, whereas Africa offers even higher returns on productive capital.

Further research out to be carried out on the causes of this trend in each particular region of the continent in order to find solutions to this predicament and the results presented to the African governments to ensure that the Peer Review Mechanism is used to deal with the matter. In addition, advocacy work has to be carried out by civil society to induce this capital back home, which in turn will increase the leverage of civil society over their governments.

6. *Deploying Pension Funds:* In Africa today, despite the depletion of import substitution industries, there exists large amounts of funds saved by workers in pension funds in different parts of the continent. In South Africa alone, it is estimated that something close to 20,000 different kinds of workers funds are available in that country. The total pension fund accumulation is estimated at R 1.4 trillion. In most African countries the legislation concerning the use of these funds is undemocratic and there are disputes going on all the time between the workers, the employers and governments. In Uganda, the government received millions of dollars of the former East African Community workers, but instead of paying its nationals, who were employed there, decided to put these funds to its own use, without paying the workers. This goes on in other countries in different forms.

In contrast, the South East Asia countries have used these funds for investment in local business ventures as well as community projects. In many parts of Africa, the pension funds do frequently find their way into western money markets. Hoards of “fund managers” trot the continent in search of these funds and often bribe leaders to let them have access to them. It is really indefensible that a poor continent like ours can afford to let such large internally generated savings of the workers to get out of the continent to benefit the rich world, while their own people are starving. There is need to investigate these funds and work out a programme for their productive use, but which at the same time protects the workers interests and future needs. Civil society is well suited to carry out this study and carry out advocacy work in the working class, businesses and the governments to ensure the proper custody of the funds and their use for the transformation of the continent.

7. *Reducing the African Brain Drain:* Apart from the financial drain and thefts of public revenue and “aid”, Africa suffers from the brain drain of its intellectual resources. It is estimated by the World bank that something in the order of 30,000 African PhD holders are working outside the African continent, having sought “green pastures” in other countries where they feel safe and employable. Some estimates put the loss Africa’s skilled professional labour force at one-third of the entire professional force in the last two decades. These professionals were educated and trained with African resources-mainly from the earnings of poor peasants and workers. The result of this drain is that African countries are then required to employ “consultants” for donor-funded projects as well as government work. The cost of these foreign consultants has been estimated at US\$ 4 billion a year. Many of these African professionals provide high-level technical work in the developed world, which could have benefited the continent.

This drain of Africa’s intellectual power has recently been joined by the migrations of large numbers of lower cadre personnel such as nurses, teachers, technicians, businessmen, and even students who have just qualified in Universities but cannot find work in their countries. Such a situation is not only wasteful of the resources spent on education of these people, it is also proof that African educational systems in their philosophies are not concerned with African problems and this goes to strengthen our first point about the need for an African epistemological basis of research and knowledge production. Indeed some of the African leaders, such the “New Breed” Yoweri Museveni of Uganda have even offered to open up more gates for this professional labour force to go out of the continent because his regime is not able to generate adequate employment in their economies, despite Uganda being held out as a miracle economy in a stagnating Africa. Clearly, post-colonial Africa has copied every colonial practice hoot, line and sinker and ignored itself.

This is a matter that should concern African leaders and African civil society. African cannot develop if African leaders sanctions, encourages, and even frightens their own people to leave the continent to other countries, which benefit from this resource. It is possible that some of the reasons behind this brain drain are the same as those given for capital flights. The International Office of Migrations has argued that among the reasons causing large-scale migrations from Africa are poverty, insecurity and “bad

leadership.” Civil society should take upon itself the responsibility of finding out, in their respective countries, why such a large number of African people are outside the continent and seek to change the situation through advocacy and Conscientisation.

8. *Attracting African Diasporan Capital:* There exist large amounts of capital in the hands of peoples of Africans descent in the Diasporas such as the US, Britain, the Caribbean, Brazil, and even in some parts of Asia. Many of these people are cultural linked to the continent and have deep spiritual and political connections to us. They have demonstrated from time to time their sympathies for the African struggle for emancipation in the true spirit of pan-Africanism of which they are the intellectual forefathers. In the US, they have set up structures of Summits with African Heads of States and business leaders in Africa. They continue to attend Pan-African Congresses held on the African continent. What is required is a census of the Diasporan business and financial institutions, with a view to engaging them in discussions about using these funds for investment in order to uplift their Mother Continent. They will do this if civil society on all sides combine to carry out this advocacy and establish partnerships with those African governments that see the need for this African Diasporan capital to come back for the rebirth of the continent. It is encouraging that in late 2002, an African Union Western Hemisphere Diaspora Forum has been set up with the task of trying to do something about the possibility of attracting this kind of investment. But to succeed, African leaders will need to show more commitment to the Pan-African idea.
  
9. *Reparations:* The issue of reparations for the western and Arab countries’ role in the exploitation of African slave labour in the “New World” and the Arab world is still pending. The World Conference Against Racism and Xenophobia (WCAR), which was held in Durban, South Africa in August-September 2001, recognised the problem, but did not take any concrete measures to address the problem. African scholars and politicians have also tended to play down the role of Arab slavery in the name of anti-imperialist solidarity and pan-Africanism. Territorial nationalism cannot supersede the historical claims of the African people for wrongs done to them, and so we must begin to put the issue of Arab enslavement of Africans on the reparation agenda, as well. There is also the issue of reparations for wrongs committed against Africans in the colonisation of the continent by European powers and the exploitation of its resources and peoples. Vast amounts of African material culture were stolen by Europe and deposited in the European Museums and Cities [France, P, 1991]. This rape, plunder, and exploitation of the African continent, its peoples and those in the Diaspora cannot go uncompensated, because in many cases these injustices against the African people explain how the continent became underdeveloped [Rodney, 1977]. These issues can only be redressed and Africa compensated to contribute to her recovery from European and Arab plunder.

The problem is lack of a serious leadership that can pursue these claims without being compromised. Many African leaders have shown hesitation and ambivalence when it comes to them pursuing these claims. Indeed, some of the leaders, such as Museveni of Uganda, disprove such claims on the ground that Africans were responsible for their own

enslavement!” Some of them are only interested in the aid extended to them for their own survival in power and their individual benefit. Recently, the South African government backed out of the claims for reparations against the big corporations that collaborated with the apartheid regime on the ground that foreign investment now was preferable to such indefinable claims. This weakens their own people who would want to pursue these claims.

For this reason civil society should carry out research about the extent of the plunder of African resources in each of their countries and carry out extensive advocacy within their own countries to mobilise and educate public opinion about these issues and strengthen local communities to pursue these claims themselves. In Kenya, the Masaai of Laikipia recently filed a suit in British courts laying claim against the British Government for the damage caused to human and animal life by the ammunition and bombs left in Masaailand by the British Government during the last world war and during its training of military personnel under a defence pact with the Kenya Government. The British Government conceded the claim when they found that the claims were well founded and paid a compensation of \$ 7 million to the 268 claimants in October 2002.. More claims are being lodged against the British government, including claims by the former Mau-Mau fighters against the British colonial government in Kenya in the 1950s.

This strengthens the argument that with proper organisation, conscientisation, and advocacy at a local, national and global levels, it is possible for the African people to regain their self-confidence which can enable them to pursue these kinds of claims which their governments cannot pursue. Indeed direct action by the Nigerian women against the oil Corporations in the Delta region of Nigeria have demonstrated that even ethnic communities and social groups can carry out effective political struggles which can lead to emancipation. This is contrary to the position shown by African governments who easily succumb to pressures from the corporations and the “donor community,” which in any case maintain these regimes in power. As the English saying goes: “whoever pays the piper, calls the tune.” Such political cronyism cannot lead to an African renaissance.

The above civil society and community-based research and activist agenda is possible and is the basis, among others, upon which a self-empowering struggle can take place. Such approach which is “bottom-up” is assertive of an African identity which enables us to reclaim the lost and weakened ground brought about by colonial and neo-colonial subjugation to which African states are party under the new imperialism called “economic globalisation.” The approach seeks to confront the Eurocentric world-view, which arrogates to itself the right to be accepted as a “universal” knowledge system that abrogates other knowledge systems. In doing so, the Afrocentric world-view seeks to restore the African personality while at the same time respecting other sources of human knowledge from which it can draw strength. It aims at humanising the enemy through struggle and resistance against subjugation.

### **Towards an Alternative Model of Accumulation**

As we have argued above, any new model of economic and social life must draw directly from the lived historical and cultural experiences and struggles of those most adversely affected by the present global economic and social system from which it must find its constitutive elements. Such a model must be based on sound theory

drawing its “facts” and “data” from these practical experiences emanating *as negations* from the prevailing mode of production. The above examples, which constitute the agenda for research, will provide the material basis for developing an alternative sustainable model of development for the continent in relation to the rest of the world.

The examples given above show the lack of coherent articulation between domestic resources, domestic production and the global economy. This is a reflection of the peripheral and enclavic nature of these economies in that they are more externally oriented than they should be. They lack an internal coherence and interconnectedness. This enclavity and dualism, according to Prof. Guy Mhone, imply that the economies are characterised by inefficiencies and deficiencies in internal aggregate demand to be able to stimulate any “virtuous interactions” of backward and forward linkages between different sectors of the economy and the value chains. According to him, this enclavic vicious circle arose out of the fact that the formal sector in the African countries was not an endogenous outgrowth of the interactions between the agrarian and the industrial sectors, but was implanted and nurtured on the basis of external imperatives, which reflected the external colonial interests.

This resulted in the enclavic nature of the economies where large numbers of rural populace remained unemployed or underemployed. This in turn led to the marginalisation and exclusion of the vast majority of the labour force from engaging in productive activities that could have resulted in a sustainable increase in the living standards. According to Prof. Mhone, what is therefore required, is the need for paradigm shift, which must take place in two areas:

“The first concerns the need to shift from the perspective which rely on market constraints and distortions as the main factors militating against labour absorption towards appreciating the nature of the problem using the enclave model approach. Second, there is need to appreciate the fact the market on its own may not be able to precipitate the necessary structural changes required to enhance labour absorption, hence the need for pro-active measures by the state, even if within a market context that respects stabilization conditionalities to some degree” [Mhone, 2002: 26].

Prof. Mhone argues that the critical factors for these countries plagued by what he calls the “Dutch Disease” is the absence of a conscious strategy of agrarian and industrial transformation that would lead to the precipitation of a “virtuous circle” of dynamic interactions in the economy, which could enhance labour absorption and internal accumulation on a self-sustaining basis. In his view, the crucial question is first to ascertain whether present economic reforms are adequate in precipitating this kind of a transformation “solely based on market forces and the limited role of the state, and secondly, whether there is enough impetus internally and globally for the long term expansionary consequences of economic reform and restructuring “to actually emerge and outweigh the short and medium term but contractionary effects of the measures themselves.”

On the basis of Toye’s analysis of the relationship between structural adjustment and employment, which Africa has experienced in the last twenty years, Prof. Mhone agrees that that experience has shown negative results in that the positive effects of such reform measures “have not been adequate to precipitate such transformation nor generate adequate employment opportunities to absorb net increases to the labour force, let alone to eat way at the pervasive non-formal and under-employment in the informal rural sectors. If anything economic reforms measures appear to be resuscitating the formal sectors in such a way that their

enclavity character is accentuated ” [Mhone, 2002: 25]. This in our view must put a stop to any hope that the present post-colonial state can play a “pro-active role” to push back the enclavity against its very interests, bearing in mind the class nature of those states.

What is crucial in our view in this analysis is the persistence of the informal sector in this enclavity. Although this sector, to a great extent, reflects the enclavic nature of the African economies, it is also, at the same time, an attempt by the marginalized classes to go beyond the enclave and organise resources on a different footing in order to deal with the crisis created by the enclave-dependent economy. It is this sector, which tries to address the unemployment syndrome created by the formal enclavic sectors, while also addressing some of the fundamental “deficiencies” such as lack of credit in small enclavic economic activities. So while this sector cannot be looked at as the alternative to the crisis of the African economies, it has some experiences and constitutive elements that can be researched, diagnosed and theorised to provide an alternative model of production and distribution, which is internally oriented but with linkages to the global society.

This is even beginning to be recognised by some of the mainstream economists and political scientists such as Joseph Stiglitz, Dan Rodrik and others. According to the study by 25 African economists reported on by Mkandawire and Soludo [1999], this sector of economic and social activity contradicted the analyses of the IMF and World Bank in their theories about “financial repression.” The activities also contradicted the policy formulations in their responses in those policies in that the rationale behind the informal sector proved to go beyond the mainstream analyses.

For instance, these two Bretton Woods institutions had advocated high interest rates under the structural adjustment reforms as a way of mobilising savings for increased domestic investments in the formal sector. According to the rationales, such increased investment would have resulted in enhanced production and greater employment creation in the enclavic economies. This did not happen. Instead the African experience, which was also revealed elsewhere in the “Third World” revealed that what mattered most was not high interest rates on money, but the amount of income that the individuals in communities had ready at hand. Even with that situation, instead of “saving” in the mainstream institutions in order to earn high interest rates, the owners of these incomes tended to “divert” them into informal sector activities, where the interest rates were very low. The experience revealed that with high interest rates, no one was willing to borrow from the banks for investment either because of these high rates of interest. Instead bank lending went to the importation of luxury enclavic consumer goods and very little to positive productive investment. Instead, the World Bank found that in the informal sector, where interest rates charged were very low and even negative, there was a growth in investments in this area through “informal” credit structures based on trust [Mkandawire & Soludo, 1999:44].

This suggests that in formulating a theoretical response to the crisis of the African economies, the starting point of political economy must be in these “informal” communities, which comprehend this mechanism of enclavic exclusion and marginalisation and has some responses that go beyond the mechanisms of the mainstream institutions and policies. We have to examine in detail these “informal responses” to the global capitalist exclusions of the majorities and discover what lies below the surface of their “survivability” instead of looking at these experiences as too minute to be the basis of an alternative model. If indeed, as Mhone suggests, we

have to have a clear idea about the nature of the constraints to an integrated, and we should add, endogenous development “that transforms both the non-formal and formal economies” and examine “how they are related,” it becomes extremely vital that we study both these sectors in-depth and find out what are the positive elements in both sectors which ought to be brought out as forming the basis of an alternative theory to inform the paradigm shift that Mhone advocates. This is necessary if indeed, we are to bring about the “Inverting (of) the Development Paradigm,” which the title of his paper calls for.

This is particularly imperative if we are to demonstrate both theoretically and practically how we can achieve the first step towards “precipitating the process of primary accumulation by progressively providing exchange and asset entitlements to the labour force in the non-formal sectors.” Prof. Mhone advocates that these exchange entitlements can arise from “large scale labour intensive activities (both public and private) or through small scale rural and urban activities that are part of processes of profit-making (and not so much survival) or more generally surplus generation.” In his view:

“The asset entitlements need to be provided through land reform and the promotion of small scale industries in rural and urban areas both of which should again not be survivalist in nature, but aimed at profit-making or surplus generation. The promotion of exchange and asset entitlements along the lines indicated has the effect of commoditising social and economic relations in the non-formal sectors, thereby capturing the non-formal sector labour force under the rubric of market imperatives. Such a process cannot be gradual and without its tumultuous consequences since it entails a process of class formation and differentiation, but is nonetheless a necessary step [Ibid: 26].

This is an important statement except that it has some misunderstanding of the political economy of global capitalism for it implies that the processes in the non-formal sectors are mere subsistence” activities that operate outside the commodity markets. Indeed, it is the very process of enclavic commodification in the rural economy that creates the large surplus labour in these areas, which in turns acts as a cheap surplus reserve labour force for the enclavic and global economy. The economic activities are within the commodity reproduction cycles of the enclavic economy and without them the enclavic formal sector cannot survive. It removes the shock effects from the crisis and helps to maintain the system of exploitation, while at the same time struggling to go beyond it. This is where the real *revolutionary way* could be found out of the enclavic crisis.

Prof. Mhone raises the interesting question of the need for profit making beyond mere survivalism of the non-formal sector. But there is a mystification even here for he assumes the non-profitability of the non-formal activities. But in fact this is the most interesting aspect of these activities for they try to *go beyond* the capitalist motivation for profit and surplus value creation, while aiming for “useful” profit that gets immediately reinvested. Through emphasis on “survival,” the actors in this sector try to meet the aspect, which is missing in the mainstream relations. They try to introduce a new social-value of *social solidarity* and cooperation, which emphasizes *use-value* creation rather than surplus-value creation. This is perhaps the reason Prof. Mhone refers to these activities as standing outside “commodification” and “profit.”

Indeed, the interest rate evidence given by the World Bank and Mkandawire and Soludo above goes to show that even here the informal sector is quite aware of the dilemmas posed by the capitalist search for high profit to which the sector is able

to respond beyond the mainstream theories of “financial repression.” These are the aspects, which makes the non-formal sector activities interesting in terms of political economy.

Prof. Mhone’s ideas about “exchange and asset entitlements” have the implications of new directions because such an evolution would lead to a real change in economic regime at both economic and political levels. But his ideas do not indicate the real revolutionary social forces that can bring about such a transformation. The change he suggests implies the intervention of the state, but the model does not indicate which class of people in that state can put in motion such a programme that has the effect of not just “capturing the non-formal sector labour force under the rubric of market imperatives”, but of transforming the economy in order to bring about the rapid and non-gradual transformation in social conditions. This is necessary if the transformation is to bring about the kind of “tumultuous consequences” that entails a process of “class formation and differentiation.” To do that, such a transformation has to go beyond the declarations of the “new breed” of leaders such as Museveni and Mbeki who claim to be dedicated to “creating a middle-class” within the confines of the neo-colonial and post-apartheid enclavic economies.

Prof. Mhone at some point in his paper argues the need for the creation of credit institutions to support the new approach and the need to address the question of internal mobilisation of resources. Here again the non-formal sector comes into focus, for this is an area of local activity that is self-supporting in its implications. Its most outstanding achievement has been its ability to operate outside the state run “formal sector” and its ability to create alternative sites of credit creation from local savings in this sector. This and other forms of social capital in communities constitute an effort on the part of individuals and collectives to resist the centralisation of credit by the global financial oligarchy in the process of economic globalisation.

Even the World Bank has come to look at social capital as an important factor in “poverty alleviation.” It is an attempt to “invade” and subordinate these local efforts to the dictates of global finance capital and production. There is even a website it has sponsored specifically on this form of capital (Poverty.net). In its write-ups on social capital, the Bank says that this form of capital has been identified as a integral component of social and economic development on micro and macro levels, operating in different environments such as institutions, relationships, networks and norms that shape the quality and quantity of a society’s social interactions. According to the Bank, these relationships allow actors to “mobilize greater resources and achieve common goals.” In relation to the role it plays in the operations of the Firm/ Corporation, the Bank points out that Social capital promotes greater coordination among individuals and between departments. Teamwork, which is enriched by social capital, can enhance efficiency and quality in small companies as well as multinational corporations.

The Bank also notes that social capital within and beyond the firm improves morale and enhances productivity. Workers and shareholders in a firm are likely to feel an increased sense of pride in their work if they are part of an entity which strives to make a positive contribution to its surrounding communities – communities which are often home to firm staff. In terms of its political mobilisation, it refers to the 1980s, when in East Europe an umbrella organizations, such as the Solidarity trade union in Poland, served to unite citizens in the name of shared goals and subsequently allowed them to express public dissatisfaction with authoritarian regimes. Such civic organizations are credited as being the catalysts for systemic change. This mobilisational power of social capital-which includes the energies of

the individual members, cannot be limited to the 'system change' in the former socialist countries, but can be used to change oppressive economic systems in the capitalist world.

Thus it can be seen that finance capital tries to "capture" and exploit the benefits of the new form of credit-creation and social solidarities through the operations of social capital and limit their activities within its operations. It does this in part through so-called micro-finance structures of "civil society" where extortionate rates of interest rates and other charges are charged. This happens mainly in women small business activities. Such extortionate credit capital is a reproduction of the decadent finance capital within the new elements, forcing women to look for alternatives, beyond this "hot money" source. This negative experience with micro-finance which is linked to the mainstream "donor funding" demonstrates the limitations of finance capital trying to operate at this level and can be the indicators to opening up of better organised community-based credit systems.

For instance, a letter appearing in the Uganda independent newspaper, the *Monitor*, from women who tried to get a loan to start a small passion fruit business from the Uganda Women's Finance Trust, complained of the harsh "requirements" she was expected to meet before getting the loan. These "requirements" included collaterals, which included a demand for household items such as fridge, TV, video deck, music systems, land title and a registration card of a car in addition to two sureties. In addition, a borrower was required to have a minimum balance of cash in her bank account amounting to not less than a fifth of the loan requested, which is not to be withdrawn until the loan is repaid. Finally, she was required to have records of her business and in order to inspect all these assets, she was required to hire a vehicle to take the officials to look at them and approve them. The applicant in question was a poor woman who did not have any of the above items and she was bitter that after running around for several weeks, she had lost the little money she had before in transportation and other costs of chasing the loan.

In the more "informal transactions" of social capital credit, such a problem is overcome through hand-to-hand loans based on trust which attract no administrative costs and other encumbrances. In fact there are different kinds of credit systems that finance the non-formal sector activities, which ought to be investigated by political economy to establish the social forces behind them and which can be relied upon to bring about the sort of transformation that Prof. Mhone has in mind. While elements from this economy have to be seen as constituting new dialectical directions, at the same time we agree with Prof. Mhone when he says that the new productive activities have to go beyond the present "survivalism" implicit in these activities. They have to systematically overcome the limitations imposed on them by global finance capitalism and establish new forms of cooperation and competition, which is at the base of social capital. Research should assist in articulating these new systems of new forms of cooperative credit beyond the present "informality."

In this respect, it should be noted, however, that in operating within these informal systems, global finance capital partly exploits them for its own benefit but also does so to its detriment. It strengthens these while at the same time weakening them. It is the resistance against their weakening that is the key to change. As Marx noted long before, the seeds of a new mode of production are sown within the fields of the old mode. Social capital, can in its entire manifestations act as a catalyst for political mobilisation that can bring about economic change through the efforts of marginalised classes and social groups. The task of the organic scholar is to analyse which of these disadvantaged classes and groups can be the most active in promoting

“system change” as well as theorising and articulating the new mode of production and distribution that appears to emerge from the peoples productive efforts.

### **An Outline Towards a Political Economy of Change**

In articulating his method of political economy, Marx once observed that in trying to analyse a new mode of production, it is necessary not to begin with conceptual categories in the order in which they appear in history, but in the manner in which they manifest themselves in the modern bourgeois society. Whereas the seventeenth century economists begun their analysis with *population* as the starting point down to the lower categories such as wages, prices, and profit, the new situation necessitated a departure from this approach in which the more concrete category of *capital* had to be the starting point of analysis because by focussing on this category, it was possible to understand the other, more concretely related, determinants such as wage labour and surplus value, which are at the base of the new mode of production [Marx, 1973:100-08].

Today we do not live under the epoch of revolutionary capitalism of the eighteenth and nineteenth centuries, under which Marx analysed the capitalist system. We live in the “post-modern” and “post-industrial” epoch of speculative capital and capitalist decay in which new social forces have arisen and the old system is falling apart. It is therefore our task to develop new systems of analysis, which arise dialectically from the old system but with pointers to the future. In doing this, we have to pinpoint those economic and social conceptual categories that can enable us to comprehend what is happening, while indicating the way forward.

It seems to me that this economic conceptual category is *no longer capital* in its industrial sense, but *credit* as it operated within the old industrial-commercial system as a point of departure and *credit* as it appeared in the socialist “command economy.” The later has pointers towards the negation of the former, while the later in its socialist form has to be carried forwarding the process of its being overcome. The eclipse of the former would imply the eclipse of the enclavic economies of which they are part.

We have to understand how capitalist credit first appears in the capitalist mode of production. Marx noted that it did so as a function of the centralisation of the old social capital in order to bring it under the control of the individual capitalist. It is this process of creating the credit system that assured the individual capitalist not only an absolute control over the capital and property of others, but also through it, the control over the labour of others. Credit emerged in the process of the evolution of *money as means of payment* but this means was turned into the basis for what Marx called *fictitious capital*. Even at this stage, it brought to the fore the speculative elements embodied within the capitalist system which tended to undermine it. Marx adds:

“The control over social capital, not the individual capital of his own, gives him control of social labour. The capital itself, which a man really owns or is supposed to own in the opinion of the public, becomes purely a basis for the superstructure of credit. ... Equally sordid becomes the phrase relating the origin of capital to savings; for what he demands is that others should save for him. .. The other phrase concerning abstention is squarely refuted by his luxury, which is now itself a means of credit. Conceptions, which have some meaning on a less developed stage of capitalist production, become quite meaningless here. Success and failure both lead to here to centralisation of capital, and thus to expropriation on the most enormous scale. Expropriation extends here from the direct producers to the smaller and medium-sized capitalists themselves. It is the point of departure for the capitalist

mode of production; its accomplishment is the goal of this production. In the last instance, it aims at the expropriation of the means of production from all individuals. *With the development of social production the means of production cease to be the means of private production and products of private production, and can thereafter be only means of production in the hands of associated producers*" [Marx, III, 1959: 439-40]].

Thus, it is this "superstructure of credit," which enables the capitalist class to mobilise social capital into the banking system and slowly transform it, through processes of centralisation and concentration, into finance capital on, which the parasitic class of capitalist monopolists, which Marx called, the "financial oligarchy" thrives. It is this class that sponsored the colonialisation of the rest of the world and the creation of the enclavic colonial economies, as part of the process of capitalist centralisation of financial and material resources. What is important about this evolution of social capital in the form of capitalist credit, however, was its *revolutionary potential* in the opposite direction of capitalist monopoly.

For Marx, therefore, the evolution of the credit system had created the conditions for the *negation of capitalism within capitalism* by raising social production to a higher level. It is for this reason that Marx argues that with the development of social production the means of production, which the capitalist tries to control, increasingly ceases to be the means of *private* production and private *appropriation*. Therefore, he argues, *thereafter* the control over social capital and credit can only become means of production in the hands of *associated producers*. In the present context, associated producers can refer to all kinds of communities engaged in production and distribution but with *emphasis on needs* and not profit.

The elements of this negation had arisen in the form of cooperative factories of the workers themselves, which at first was an attempt by the workers to overcome the antithesis between capital and labour. It was an attempt to make the associated labourers to become *their own capitalists*. Marx remarks that without the factory system arising out of the capitalist mode of production, there could have never been the cooperative factories, which emerged later.

These in his view, could be considered "transitional forms" from the capitalist mode of production to that of associated producers "with the only distinction that that the antagonism in the one is resolved negatively in the one and positively in the other" [Marx, 1959: 440]. This meant that with the appearance of the credit system under capitalism, capital had been given a new leaf of life in the form of monopoly capitalism, but by the same token, new seeds for overcoming the capitalist form of industrial production were also born in the appearance of *associated producers*—namely the workers. By this Marx meant that the *social (class) basis* for a socialist society had already appeared within monopoly capitalism.

Marx makes the important point that the credit system expands industrial capital to its uttermost limits by generating over-speculation within it. This is because they do not own the large part of the social capital utilised by industrial capital and consequently they tend to tackle things quite differently from the way the real owners would have done. This real owner would "anxiously weigh the limitations of his private capital in so far as he handles it himself." This leads to resistances and to violent eruptions within the system. Marx adds:

"This simply demonstrates the fact that the self-expansion of capital based on the contradictory nature of capitalist production permits an actual free development only to a certain point, so that in fact it constitutes an immanent fetter and barrier to

production, which are continually broken through the credit system. Hence, the credit system accelerates the material development of the productive forces and the establishment of the world-market. ... At the same time credit accelerates the violent eruptions of this contradiction-crises-and thereby the elements of disintegration of the old mode of production" [Ibid: 441].

There are, therefore, for him two characteristics of the credit system. The first is its role in developing the incentive of capitalist production to the maximum leading to the enrichment of the few through exploitation of the labour of others, which results from "the purest and most colossal form of gambling and swindling," which expresses its limits. Secondly, it constitutes "the form of transition to a new mode of production," which as we have seen above is one of associated producers acting as their own capitalist. This change occurred when socialism was established in the USSR and other socialist countries, including attempts at creating African economies "with a socialist orientation." This experience has to be reviewed as well in articulating a political economy of the new change, for the emergence of socialism also revealed the limitations of this system, which have also to be overcome, particularly in the African context.

Marx had postulated that in first phase of the new change, which was called "socialism," the law of value upon which capitalism was based, had to be applied in the form of a "limited bourgeois right." He argued that in this phase, it was an illusion to expect that the workers would reap for "full and undiminished product" of their labour because in such a transition, the workers would have to accept the deduction from their product a "reserve fund" (a surplus-value) from which "extension of production and the replacement of tear and wear would have met. In addition, there had to be a deduction of a "consumption fund" to meet the costs of public administration, education and old peoples homes and such other needs Marx, 1971:17].

An attempt to build "socialism in one country" was made and a revision of the law of value was made. But the "limited bourgeois," which the bureaucrats increasingly enjoyed, resulted in an over-expanded bureaucrat monopoly capitalist class. Mao Zedong later argued in his critique of "social-imperialism" that this bureaucratic monopoly capitalist class had become the ruling class in the USSR who had aborted the socialist experiment. Instead of moving forward, this class had engaged in collaboration with the western capitalist world leading to a collapse of the socialist system [Nabudere, 1999: 243-257].

Later president Brezhnev of the USSR in 1975 in the face of a widening crisis of socialism admitted that "because of the broad links" between the capitalist countries and the USSR, "the evil effects of the current crisis in the West" had also had an adverse effect on Socialist countries. Thus when the walls begun crumbling leading to the restoration of capitalism in these countries, it became clear that the implications of the "limited bourgeois right" within socialism had to be overcome, if a truly socialist experiment had to be attempted again. From the advantages of hindsight, it can be already seen that the crisis that brought down the socialist world are full reflected in the present capitalist world. Both have to be overcome.

Thus, in our attempts to understand the specific limitations of capitalist reproduction in enclavic economies, we have to discover the specific ways in which *credit* can perform this task of the transition from the enclavic form of economy of global capitalism to one of associated producers in the specific conditions in which the most exploited live. Under such a system, credit will play a new role of revolutionary transformation of society into associated production not for profit but

needs. Therefore, in trying to develop a political economy of African transformation, organic scholars must focus on credit and credit-creation as a means towards the transformation of the enclavic economies.

It is in this context that we must look at the non-formal sector. The attempt by certain non-formal sector operators, which try to overcome capitalist forms of credit by experimenting with different forms of cooperative production and distribution through new forms of credit creation should be examined for their *essences* and not their appearances. Some of these attempts are based on new ideas such as *rotation of obligations and benefits*. Others are based on trust and community mobilisation. Such systems can provide a new way of the generating new forms of production directed towards meeting the needs of the populations outside the capitalist system, while promoting new forms of credit relations on a global basis.

Such new social forces emerging from this form of economic life and their communities can be the real forces capable of bring about the kind of new state forms that can give support to their activities. To bring about such a transformation requires the articulation of a political programme that can be used to mobilise the marginalised groups most adversely affected by the existing globalised and parasitic capitalism. In the African context, this requires recognition that the present post-colonial and post-apartheid states are not capable of moving forward such a project. They are in fact a hindrance to it and therefore must be abolished and constituted a fresh one on a pan-African basis. This will take time for it requires an articulation of a new political programme, which mobilises all the African people across borders and the full inclusion and participation of the Africans in the Diaspora.

## **Conclusion**

We have argued here that there is a real problem with the NEPAD in the way it has been projected as a “new partnership” that can enable the African continent to recover from the malaise resulting from its multiple crises. We have demonstrated that the NEPAD lacks legitimacy in that the document was worked out without extensive consultations with civil society and the communities most affected by the global economic system. Even some African leaders claim that they do not understand the NEPAD because those leaders who have been pushing the document to be accepted by the donor community did not consult them. In short, there was no consensus even among the African leaders on this document. In this regard, civil society was also entirely ignored and their input disregarded. In proof of this reluctance, only twelve African countries have agreed to be subjected to the Peer Review Mechanism of ensuring “good governance.”

In fact the hopes that the African leaders had in the G8, which was held in Kananaskis, Canada on 26-28<sup>th</sup> June 2002 were not been borne out by the support given by them at this Summit. The G8 were not satisfied that African leaders were genuine in their commitments to “good governance” to which the leaders had pledged themselves. The total of \$ 6 billion, which they pledged turned out to be far short of the \$ 64 billion annually which the leaders demanded as the basis for achieving the 7 per cent rate of economic growth in their economies. This will not now happen and it is high time that the African leaders wake up to their responsibilities and attend to the problems mentioned above, if in fact they have the power to do so.

But this will not just happen on its own without action from those directly affected adversely by the global system. A lot of work will have to be undertaken and done by civil society organisations to raise the awareness of the peoples in each of their countries based on informed knowledge from research. We have indicated above

some lines of investigation, but this line of research needs to be handled in a cooperative way on a continental basis as well as in the African Diaspora. This means that African civil society must create pan-African structures of coordination that can carry out this work. The time to work out an agenda to this end is NOW. Without action, African civil society will have also been compromised on abandoning their communities. So we really have no alternative but to get on with it to work out an alternative to the NEPAD and to do this, we have to ACT NOW.

We have presented above a programme of research aimed at developing ideas towards the articulation of a new model of production and distribution. Such a system must be based on the actual lived experiences of the masses of the African people. A new programme of production has to assert the African peoples identity and create conditions for their self-empowerment through their continued struggles for equity, peace and stability on the continent. A new “model of accumulation” must be articulated on the basis of a political economy that draws from the limitations of capitalist production as well as from the positive experiences, which have been gained in overcoming these limits within global capitalism.

Finally, we have advanced the idea that a new understanding of credit and credit-creation must inform such a political economy of transformation, through which the direct producers can engage in new forms of economic relations that can provide for their needs and not profits for a few individuals. In so doing, the new political economy has to overcome also the limitations of “limited bourgeois right” in the socialist experiment. This can only happen on a Pan-African and global basis.

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