NEO-LIBERAL FAILURE, POVERTY, INEQUALITY, AND THE CHALLENGE OF STRUCTURAL ECONOMIC TRANSFORMATION

More than three decades of neo-liberal policies of economic deregulation in Africa have failed to deliver the promised levels of economic performance and forms of development that would enable people in Africa to fulfil their fundamental rights, and meet their needs and aspirations. Periodic surges of dramatic growth in economic activity, attained on the back of rises in the prices of primary commodity exports, have not translated into sustainable transformative socio-economic development.

Instead, thirty years of economic de-regulation have served to reinforce the structures that Africa's economies inherited from colonialism: dependence on the export of primary commodities, with little or no domestic manufacturing industrial capacity, and stagnation of the rural economy. Thus, Africa's economies remain vulnerable to external shocks while, internally, unremitting rural collapse continues to drive levels of urbanisation unrelated to the expansion of economic opportunity and/or investment in social and economic infrastructure.

For the vast majority of people, this has meant joblessness, precarious and degraded livelihoods, and diminished opportunities for self-fulfilment. At the same time, fabulous wealth continues to concentrate in the hands of narrow circles of national elites and global corporate forces who together dominate political processes and exercise control over economic resources. From this have sprung extremes of inequality typical to corporate-driven globalisation across much of the world. In Africa these have exacerbated pre-existing inequities and inequalities, including along lines of class, gender, race, ethnic formations; played havoc with bonds of social solidarity within and across national boundaries; and driven conflict-laden tensions to the fore of societal interactions.

Recognition of these structural roots of the economic woes, widespread poverty and increasing social inequity in Africa have led to increasing focus on the need to develop an agenda of structural economic transformation. This includes improved investment in agriculture and the rural economy; more domestic processing of the export commodities; rebuilding domestic manufacture, developing their industrial and services sectors; and enhancing overall domestic productive capabilities.

All these are seen as necessary to the task of creating decent jobs, increasing incomes and other means of livelihood, improving living conditions and overcoming poverty in Africa. However, the specific content of this agenda, who drives it, and how its costs and benefits are distributed are all still open to contestation.

Two Views of Structural Economic Transformation

Paragons of neo-liberal economics such as the IMF, the World Bank, and their followers treat structural transformation as the outcome of the workings of the market, with the undisturbed operation of market forces as its driver. Foreign investment remains a key pillar in this scenario, even though there is increasing recognition of the need for improved public regulation. New policies are being developed in addition to old ones aiming to attract foreign investment, such as commercialisation of land in support of large-case commercial agriculture; integration of local producers into global value chains through trade-facilitation and other measures; and so-called public-private partnerships whereby public resources, including pension funds, are deployed to finance/and guarantee private investment in infrastructure.

An alternative view sees structural transformation as driven by conscious and purposive public policy choices, with attention to sectoral drivers in the domestic economy, supported by economy-wide and sectoral policies consciously set to build domestic productive capabilities. Here, a democratic developmental state is the primary actor, in alliance with domestic enterprises and producers of all scales and sizes, working around national priorities, determined with the effective input of the vulnerable and marginalised social constituencies. Foreign investment is welcome as a supportive component of these processes and priorities.

The choice between these two understandings of structural transformation depends upon two equally important and inter-related factors. First, how clearly and effectively the policy issues involved are defined in relation to the realities and imperatives of Africa's economic, social, and environmental dynamics. Secondly, how the imbalances of power that have shaped much of economic policy over the past three decades are redressed to enable the poor, the vulnerable and the marginalised social constituencies to exert their needs and interests in the policy process.

African Realities and the Parameters of Structural Transformation

Framing an agenda of structural economic transformation in Africa must begin from the need to address the internal (sectoral) disarticulation of Africa's economies, coupled with their regional fragmentation. African economies, exporting mostly unprocessed primary products and importing almost all their manufactured products, are primary commodity export dependencies. Therefore, the major sectors of their economies (agriculture, manufacture and industry, services, etc.) do not feed as directly into each other as in economies in other areas. This limited inter-connection of productive activities in the economy is in turn expressed in the small, narrow and shallow nature of domestic markets.

Furthermore, the geographical space within which these disarticulated economies thrive is defined by the national boundaries artificially drawn from colonialism. Pre-existing cross-boundary economic interchanges have atrophied, adding regional fragmentation to further disadvantage limited national markets.

This combination of internal disarticulation and regional fragmentation leads to two inter-related phenomena: 1) the externalisation of (capital) accumulation and therefore the inbuilt tendency to leak economic resources out of Africa's economies; and 2) under-investment in the economy, particularly in the development of overall productive capabilities.

Export of unprocessed primary commodities allows high values to be captured outside African economies. Done in exchange for imported manufactured products, this sets up exchange relations characterised by imbalanced terms of trade and losses. Further to this is the domination of foreign capital, and the manner of its operation in Africa's economies (through the primary commodity sectors, the import sectors, in much of industry, and in the finance and in other major services like telecommunications). The dynamics of foreign capital ensure further externalisation of the economic surplus that is generated in Africa's economies. Such externalisation of accumulation undermines the availability of resources of the scale and type needed for investment in building the domestic economy and its capacities.

The key challenges (and parameters) for structural transformation as shaped by Africa's primary commodity dependence are therefore two-fold: 1) to (re)build the internal articulation of Africa economies, as national economies within a regional geo-economic space; and 2) to re-establish the primacy of domestic resource accumulation.

To this end, a dual strategy must be envisioned for policy at both sector and economy-wide levels. Firstly, economy-wide linkages of economic activities – particularly within the agriculture, manufacturing, and mining sectors within and beyond national spaces must be built and/or strengthened. Secondly, as much as possible of the economic surplus generated within Africa's economies must be retained for re-investment in these economies. Trade, finance, technology, and investment as well as broad macro-economic policy can be deployed to support these objectives.

Gender Equality and Equity in Structural Economic Transformation

Like all economic relations, the primary commodity dependent economic structure of African economies consists ultimately in relations of power over economic resources and their structuring of economic outcomes. Intersecting with class, kinship and other relations of power, gender relations that inscribe the societal subordination of women in Africa express themselves in various subordinate economic positions for women. Inferior access to and control of the range of economic resources – land, technology, finance, labour – combine with marginalised positions and interests in private and public economic institutions, with ultimately inferior outcomes.

The overall effect is that for the vast majority of women, and thus the vast majority of the populations in Africa, the limitations of the primary commodity dependent economy are experienced as worse conditions of living and in more limited opportunities for improvement.

The "free-market" policies of structural adjustment, even as they have in some cases improved opportunities for women in particular (narrow) sections of the markets, have overall added to and reinforced inherent gender-based constraints. Export Processing Zone (EPZ) and other special "economic" arrangements through which female labour was attracted into formal wage-work have come with conditions which undermine safe and decent working conditions not only for women, even as women earn less than their male counterparts, but contribute to the general weakening of rights of all workers.

At the same time, such precarious entry of women into "formal work" has gone hand in hand with free-market imposed reductions of public investment and expenditure on social services like health, education, and water. Thus, the entire sphere of social reproduction gets subjected to the pressures of commercialisation and commoditisation. All these have added further the burdens of care that have been shouldered exclusively by women. Other free-market measures, such as the withdrawal of input subsidies, the collapse of extension services, and the dismantling of development banks, have aggravated the operations of women farmers, entrepreneurs, and traders.

Attempts to address this situation, through "gender-mainstreaming" and similar policies and programmes, have essentially been only mitigatory, aimed at particular effects or symptoms, and have largely left the structural roots intact. In some instances, policies such as social protection through conditional cash transfers serve to legitimise the very policies of unbridled liberalisation and deregulation, and their effects not only on women, but on the entirety of subordinated classes of society. In this they blunt the function that robust systems of social provision can play within an agenda of equitable, gender-sensitive structural transformation.

Redressing this gender imbalance so as to promote gender equity and equality is thus integral to the project of structural economic transformation of the African continent.

Environmental Sustainability and Climate Change

Climate change frames the very possibilities, scope and direction of structural transformation in Africa.

Climate change poses a series of unkind paradoxes for Africa's peoples. The peoples of Africa (and other developing countries) bear little responsibility for climate change, yet are suffering its worst effects, at the same time as they lack the means for countering them. Africa's land-mass and geo-physical characteristics means it is likely to warm up at one-and-half times the global average. Extreme weather events already disrupt Africa's agricultural and other livelihood systems, which are more dependent on natural cycles. These effects will worsen unless global warming is reversed in time.

The impacts of climate change, along with the capacity of African nations to cope, are further complicated by the essentially primary commodity export-dependent economic structures inherited from colonialism and perpetuated since. These structures have resulted in a neglect of the economic and social needs of the rural and agricultural majority, limited domestic development of national and regional industry, and, above all, reproduced extreme weaknesses in overall productive capabilities.

Addressing climate change in the context of economic transformation requires not only measures at the level of the economies in Africa, but also supportive global measures and frameworks.

Affecting the Balance of Power and Influence over Economic Policy Choices

Three political agencies and their mutual interaction shape the parameters of societal change in Africa.

1) At one pole are **small farmers, small producers, workers, domestic producers, industry and businesses, traders, local communities, and other vulnerable, oppressed and/or marginalised socio-economic constituencies**. These make up the major groupings of society whose conditions of life and work have been shaped within the structural dynamics of Africa's economies and negatively affected by decades of economic deregulation. Within these, the position of **women** has been aggravated by relations of gender imbalance and resultant gender inequality and inequity.

2) At the other pole are the business and economic interests of the advanced industrial North and their allies among Africa's elites. **Corporate entities**, principally transnational corporations, seek unregulated access to the resources and economies of Africa. Their significant influence over **governments of the advanced industrial North** has translated into policies, which are then promoted through **the international institutions of economic policy decision-making** over which northern government wield disproportionate influence. These institutions operate at the national and continental level in Africa along with their **allies**, the few social-economic groups which have made relative gains from ongoing policies of deregulation.

3) In between these two are the third pole: **African governments**. While governments derive their ultimate legitimacy from the extent to which they meet the needs and aspirations of society as a whole, the smaller group of corporate business interests and elites exercise disproportionate influence over these governments and their policy choices. This is to due their control over economic resources and better access to the machinery of government.

As citizens, the poor, marginalised and vulnerable have inalienable rights to the fulfilment of their needs and aspirations. This asymmetrical organisation of socio-economic and political power, however, ensures that the social resources and means for meeting these needs and aspirations are disproportionately appropriated by those sections of society with privileged access to government.

Redressing this imbalance of power and influence in favour of the first group constitutes the strategic challenge for social change. Fundamental to accomplishing this change is the self-organisation of the marginalised social and economic groups, through collective efforts, with support in the humanity and solidarity of others, in line with the principles of equality and equity.