African Economic Renaissance as a Paradigm for Africa's Socio-Economic Development in the 22nd Century

Vusi Gumede, University of South Africa

Introduction

This paper, in the main, presents a socio-economic development model along the lines of the African renaissance. The paper presupposes that the 21st century is almost midway – there are about eighty years left to the 22nd century. The proposed paradigm is, in essence, for the 22nd century. The 21st century appears to be largely the Asian and Americas century. As the discussion demonstrates, economic performance for Asian and South American countries has surpassed that of African economies. The programme of the African renaissance for the 21st century has, arguably, largely to do with political, social and cultural emancipation of the African continent. It can be argued African renaissance during the 21st century is about laying a proper foundation for African economic renaissance in the 22nd century.

At this very onset, let me make a distinction between the three related concepts that are however very distinct. The first of these concepts is pan-Africanism which is essentially a mobilising agenda; an ideology premised on solidarity of Africans worldwide – it came about through the Caribbean movement, and later through African American intellectuals, before Africa adapted it. Modern pan-Africanism began around early twentieth century. The second is Afrocentricity[1] which should be seen as a paradigm that shapes the reconceptualization of the historical reality of African people. The last concept is African Renaissance[2] which is a philosophy and a programmatic agenda aimed at the rebirth of the African continent. The link between the three concepts, arguably, is 'African agency'. In other words, Africans should determine their destiny. I argue, from the perspective of what I am calling African economic renaissance, that Africans should decide on the African economy and or the economic system that works for them. The point of departure is that Africans have had, priori to colonialism and imperialism, an economy and an economic system that worked well for them.

Background

Many have observed the increasing shift in geo-political and socio-economic power. In other words, politically, the world is becoming multi-polar. In socio-economic terms, the high performers are no longer Europe and United States. For instance, Wade (2013: 6) observes that “over the past decade, many developing and transitional countries have grown faster than developed countries. The middle-income countries (including India as well as China) grew at 6 percent a year or more between 2005 and 2010, while the high-income countries grew at 2 percent or less”. The socio-economic rise of the developing and transition countries that Wade (2013) refers to pertains to, in the main, Asia and South America. This paper confirms this, and the fundamental argument that this paper makes is that the focus, for Africa, should be on ensuring that the 22nd century becomes, in no uncertain terms, an *African Century.*

African economic renaissance as envisaged in the next century and as advanced in this paper has historical foundation and contemporary implications. The historical basis of this economic model is entwined in the sense of communalism and associational existence that defined the social formation of the continent before the colonial intrusion. This model is even more germane today as the Eurocentric capitalist economic system, which was superimposed on Africa by the colonialists and imperialists, altered the then socio-economic structure of the African continent which appears to have worked optimally. The overriding influence of foreign capital on the political economy of Africa has obfuscated and restricted the capacity of the state to promote inclusive development. The majority of Africans remain trapped in poverty and underdevelopment, in spite of reported higher economic growth rates.

The paper problematises the nature of the celebrated economic growth in Africa[3]. It also discusses the level of development, which as the paper argues, is standing still, if not deteriorating. Of late, Gross Domestic Product (GDP) growth in the African continent is being celebrated, largely because the majority of countries with high GDP growth rates globally are in Africa. Although it is convincing that GDP growth in Africa is increasing the narrative that celebrates Africa’s GDP growth rates appears to ignore the ongoing global economic upheaval which is most likely going to slow the growth of African economies. More importantly, the GDP growth rates in Africa have not translated to significant improvements in wellbeing in the continent. Most, if not all, of the fastest growing economies in the continent are societies with high levels of hardship, which manifests in endemic poverty, struggles for daily existence and inequality. These problems are compounded by absence of social security for the vulnerable segments of the society.

Therefore, the paper also deals with the issue about the extent to which celebrated levels of GDP growth should at all be celebrated. Also, and a fundamental issue, the paper addresses the question of what should Africa do to sustain the levels of GDP growth that are being celebrated as well as what should be done to translate high levels of GDP to the improvement of the quality of life in the continent. The first part of the paper looks at Africa against economic and social indicators. The next section discusses the performance of the African economies. It is followed by a discussion on the level of social and human development in the continent. Then there is a discussion of Millennium Development Goals (MDGs) in Africa – this is important, particularly as the MDGs expire in 2015 which is relatively soon. The second, and the last, part of the paper discusses permutations regarding what can be done to sustain high levels of GDP and what should be done to translate high levels of GDP to wellbeing improvements.

The paper makes a bold argument that Africa needs a new or different socio-economic development model. In other words, the paper goes further than what has been proposed so far; that Africa needs to restructure its economy and or implement policies that are ideal for the continent[4]. The new or different social and economic development model that this paper talks about requires – it is argued – the following main components: robust social policies, effective industrial policies, entrepreneurship, state ownership and (lastly) intra-African trade. The point of departure and or the frame of reference that shapes the analysis in this paper is that any examination of Africa's economy should acknowledge the centrality of the historical experience of slave trade, colonialism and imperialism which significantly shaped and or negatively impacted on Africa's political economy post-1500.

The Economy

GDP in a comparative context demonstrates that Africa has not done or it is not doing as well as many have celebrated. Looking at the years before the 2009 global economic recession and the subsequent Eurozone crisis, Africa's GDP has remained below the average of developing countries. Africa's average GDP since 1970, post-independence in other words, has remained below the average of developing Asia. Africa's GDP has remained below 6%, while comparable economies have had GDP growth rates at a minimum of 7%. The period of analysis chosen for Table 1 is deliberately prior to the 2009 global economic recession. It is useful to focus on the period prior to the global economic recession in order to see how have the various economies, and then African economy, performed before the global economic recession.

Table 1: Annual Average GDP Growth Rates, by Regions

Total Real Gross Domestic Product by Regions (Percentage)								
	1970-1980	1980-1990	1990-2000	2000-2005	2005	2006	2007	2008
World	3.8	3.2	2.8	2.8	3.4	4	3.8	2.1
Developing Economies	5.8	3.9	5	5.4	6.7	7.1	7.3	5.5
Economies in Transition	4.9	1.2	-4.8	5.4	6.1	7.2	8.2	5.4
Developed Economies	3.4	3.2	2.5	1.9	2.3	2.8	2.5	0.8
Developing Economies in Africa	4.5	2.3	2.8	4.8	5.7	5.6	5.9	4.9
Developing Economies in America	5.8	1.7	3.2	2.7	4.7	5.4	5.7	4.4
Developing Economies in Asia	6.2	5.7	6.3	6.5	7.5	7.9	8.1	5.9

Source: UNCTAD Handbook of Statistics (2008)[5]

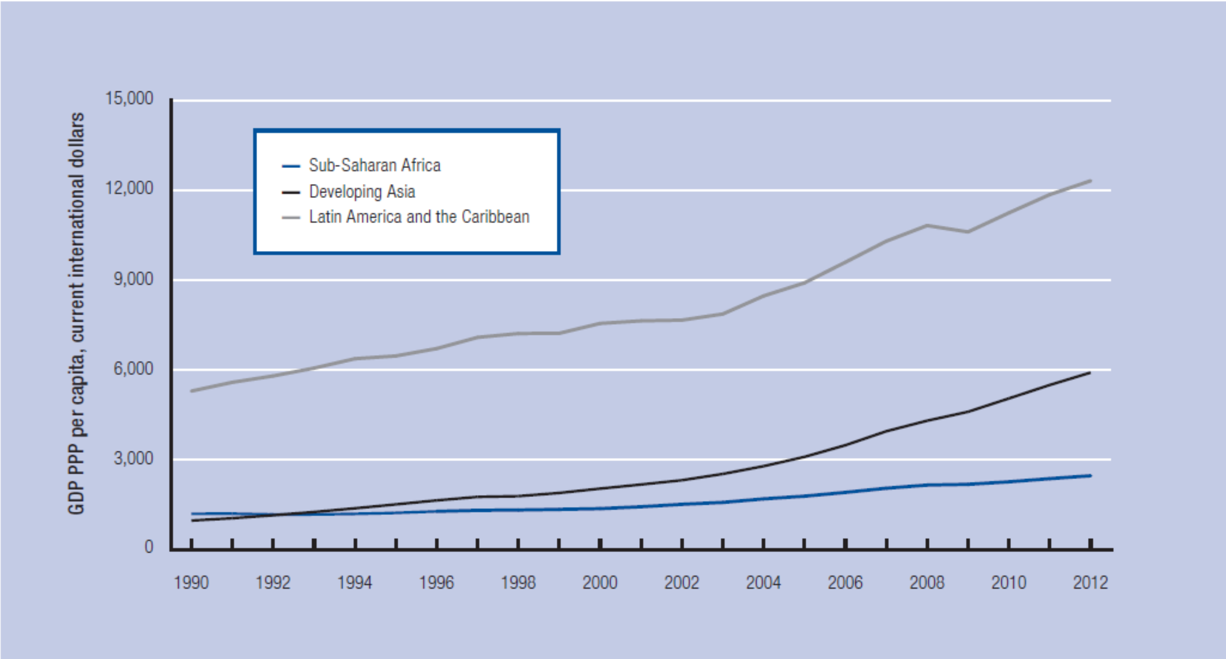
In a nutshell, the picture that Table 1 presents is that although African economies have performed relatively well over time, since 1970, GDP growth rates in Africa remain comparatively lower than other developing regions (prior to the global economic recession). The same can be said about the period during the global economic recession and the Eurozone crisis period. The developing world in general has experienced comparatively higher economic growth rates than the traditionally developed world. Africa, however, on average has witnessed comparatively lower

GDP growth rates. It can be argued that although most of the fastest growing economies are in Africa, GDP growth in Africa remains mediocre – GDP growth, post global economic crisis, is about 6%. Looking at individual countries, one gets the impression that the high GDP growth is simply a statistical artifact. A number of African economies are based on low productive bases. In addition, some of significant African economies – such as South Africa – have performed poorly.

Notwithstanding the questionable nature of GDP growth in Africa[6], the celebrated GDP growth is yet to translate to improved standard of living in the continent. The discussion, below, on social and human development and MDGs indicates that Africa remains behind the set targets. In fact, as an illustration, in per capita terms, Africa also remains lower than in other regions as Figure 1 below shows. Per capita income refers to average income per person. It takes all sources of income in the aggregate and divides it by the total population. It is, in essence, a measure of the standard of living. It is however not without shortcomings. Of which the main one, arguably in the case of Africa, is that because it is a mean value, per capita income does not reflect income distribution.

That said, there is merit in looking at how per capita incomes change over time in order to get a sense of the trend and to get a sense of how standards of living, however imperfect, compare among different countries or regions. Figure 1 indicates that although the average standard of living has been steadily improving in Africa, the rate of the improvement has been poor in comparison with other regions. In Purchasing Power Parity terms, GDP per capita in sub-Saharan Africa has remained far below that of Asia and even further below that of Latin America and the Caribbean. It is worth observing that Latin America & the Caribbean and sub-Saharan Africa had similar level of GDP per capita in the early 1990s.

Figure 1: GDP per capita: Africa, Developing Asia and Latin America &the Caribbean



Source: World Bank (2013) and International Monetary Fund (2011)[7]

As figure 1 shows, Latin America and the Caribbean overtook Africa significantly from early 2000 – Latin America and the Caribbean are estimated to have double of Africa's GDP capita now. The chasm between SSA and developing Asia is increasing in per capita terms. From about 2005, GDP PPP per capita between developing Asia and SSA appears to have been widening significantly. It is also in this context that the argument I make is that the 21st century would be remembered as having firmly established the ascent of the Asian continent and the rise of South American and Latin nations.

Social and human development

As indicated above, welfare in Africa is stagnant if not deteriorating. On the eve of the global economic crisis, in 2009, the World Bank estimated that an additional 53 million people in developing countries were to fall into poverty on top of the 130-155 million generated by the impact of the food and energy crises of 2008. The number of people living on less than US$ 2 per day was estimated to increase to over 1.5 billion globally.

For Africa, the figures – if accurate – are staggering: over 500 million Africans are expected to fall into poverty by 2015. In essence, this is not only because of the global economic recession per se, it is also that the global food crisis (preceding the global financial crisis) has not been addressed as argued by Conceição and Mendoza (2009): prices of rice, soybean, wheat and maize remain far above their ten-year averages (each at least 30% above its ten-year average).The political effects of the global economic recession for the developing world are largely similar to the effects of the food price shock as well as the energy crisis, especially in Africa. In 2008, most African countries were dealing with food insecurity emanating from the food price shock, which has not been sufficiently addressed to date.

Table 2: Human Development, by Regions

	1980	1990	2000	2005	2009	2010	2011
Very high human development	0.766	0.81	0.858	0.876	0.885	0.888	0.889
High human development	0.614	0.648	0.687	0.716	0.734	0.739	0.741
Medium human development	0.42	0.48	0.548	0.587	0.618	0.625	0.63
Low human development	0.316	0.347	0.383	0.422	0.448	0.453	0.456
Arab States	0.444	0.516	0.578	0.609	0.634	0.639	0.641
East Asia and the Pacific	0.428	0.498	0.581	0.622	0.658	0.666	0.671
Europe and Central Asia	0.644	0.68	0.68	0.695	0.728	0.744	0.731
Latin America & the Caribbean	0.582	0.624	0.68	0.703	0.722	0.728	0.731
South Asia	0.356	0.418	0.468	0.51	0.538	0.545	0.548
Sub-Saharan Africa	0.365	0.383	0.401	0.431	0.456	0.46	0.463

Source: UN Human Development Report (2012)

Human development in Africa remains very low. Looking at the period from 1980 to 2010, as an example, sub-Saharan Africa's HDI has remained comparatively too low, even compared to South Asia. Comparing sub-Saharan Africa and Latin America and the Caribbean, the point made above – that Africa remains behind other regions – is glaring. Again, this further suggests that when the 21st century is revisited, it would be remembered as the century of the socio-economic rise of Asia and Americas.

The 2013 Human Development Report indicates that the average Human Development Index (HDI) value for sub-Saharan Africa is 0.475 (which is the lowest of any region, although, granted, the pace of improvement is rising). Between 2000 and 2012, sub-Saharan Africa registered average annual growth of 1.34 percent in HDI value, placing it second only to South Asia. Although the index itself is debatable, as to what it exactly means or measures, the HDI gives a sense of overall general wellbeing of a society or a region. The low the HDI, by implication, the low is the quality of life because the HDI takes into account levels of educational attainment, access to healthcare and the levels of per capita incomes.

Millennium Development Goals

Sachs (2005) warns that the issue of development should not be looked at from a ‘one size fit all’ continuum but should rather be viewed from a holistic development prism which encompasses everyone, first at the country level, then on the global front to bolster development and growth, for all. It was for this reason that when world leaders met in 2000 at the United Nations Millennium Summit, agreed that there were eight fundamental economic and social development areas that needed to be achieved by the year 2015. These areas were, in no particular order: the empowerment of women, poverty eradication, and universal access to primary education; reducing child mortality, improving maternal health, combating killer diseases such as HIV and AIDS and Malaria, ensuring environmental sustainability, and fostering a global partnership for development (Sachs, 2005).

Realising that Africa was an exceptional case, a subsequent need to ensure that the benefits of the MDGs were realised in all corners of the African continent, the United Nations decided to set up the Africa MDG steering group (MDG ASG) in 2007, to specifically fast track the attainment of the Goals through the identification of tangible action plans (MDG ASG, 2008). The MDG ASG was enacted also because of the MDGs potential towards combating on-going socio-economic discrepancies in Africa through the identification of “minimum thresholds in agriculture, nutrition, education, health and infrastructure” (MDG ASG, 2008).

For African countries, this was a script written in heaven as it promised many benefits which would, above all, end the socioeconomic ills of Africans as we know them today and at most pull hundreds of thousands, out of the poverty trap[8] (Aharonovitz, 2011). Indeed, extraordinary benefits await developing countries from successfully implementing the MDGs. According to Sachs (2005), immediate benefits range from mopping a staggering 500 million people out of life-threatening poverty, whilst safely putting 300 million people in the no hunger zone. Furthermore, such common tragedies as child mortality would be a thing of the past - which would also mean saving about 2 million more mothers from unnecessary deaths. Even more pertinent about the MDGs is the idea of realising a dignified lifestyle for all people through the provision of clean drinking water and basic sanitation, not to mention a life of freedom for women and girls characterised by “more security and more opportunity” (Sachs, 2005: 2).

The United Nations through its subsidiary organisations and governments have arguably worked tirelessly, around the clock, towards the global realisation of these goals. Undeniably, evidence suggests that there has been considerable global progress towards achieving the MDGs (MDG ASG, 2008). However, such progress has not yielded the desired results in sub-Saharan Africa (SSA), Latin America and the Caribbean (Sachs, 2005; Sachs *et al*., 2004). Especially, SSA seems to be trailing behind in all aspects of the MDGs (Sachs *et al*., 2004; Sachs, 2005). In a set of eight different reports produced by eight task forces; each assigned on each of the eight goals, the United Nations Millennium Project (2005) has reported that, by and large, SSA countries are failing to come up with sustainable programmes to meet all the requisite aspects of attaining the MDGs, at least by 2015.

Indications are that most of the MDGs are going to be met, at a global level. The global trend, however, mainly reflects rapid growth in Eastern Asia, especially China; where the poverty rate is expected to fall to under 5 per cent by 2015. India has also contributed to the large reduction in global poverty. Projections for sub-Saharan Africa are slightly more promising than previously estimated. Based on recent economic growth performance and forecasted trends, the extreme poverty rate in the region is expected to fall below 36 per cent. However, the Human Development Index in Africa remains the lowest one in the world, at below 0.5 still as discussed above. Arguably, as the 21st century slowly draws to a close, it would be, socio-economically, remembered as the century that would have clearly confirmed the rise of the Asian continent and economies such as China, Republic of Korea, Vietnam and also the secondary rise of South American and Latin nations such as Brazil, Chile and Mexico.

The Economic Commission for Africa, in its 2012 Economic Report on Africa, contends that Africa's progress on the MDGs as a whole is gaining momentum. Economic growth in Africa has been averaging 5 per cent a year, and the pattern of growth has been generally consistent. A handful of African countries have registered annual growth rates of 7–11 per cent. The continent, therefore, continues to make steady progress on most of the MDGs. Even though it is unlikely to achieve all the targets by 2015, the rate of progress on several indicators – including primary school enrolment, gender parity in primary school enrolment, the proportion of seats held by women in national parliament, HIV and AIDS prevalence rates and the share of women in non-agricultural wage employment – is accelerating. Indeed, as the 2012 United Nations Millennium Developmental Goals (UN MDG) Report indicates, in some cases Africa exceeds regions such as South-eastern Asia, Latin America and the Caribbean, and Western Asia. However, the recent global financial meltdown may have compounded the problem as it came with harsh consequences for the poor, not just in Africa but around the world (Baxter, 2008).

Prior to the recent growth experiences in Africa, there was already a high failure rate regarding the MDGs (Sachs, 2005). Sachs (2005) has proposed four broad reasons that try to explain the failure of MDGs, in most African countries. These are: poor governance, corruption, poor economic policy choices and human rights infringement (Sachs, 2005). Aharonovitz (2011) has recently identified the failure to tap into existing knowledge as another reason why African countries continue to fail on the development continuum. The one thing that has come out clear is the exogeneity of economic shocks on policy making and the reality of its irrevocable yet colossal effects. For SSA countries, it has also added salt to the wound – by worsening the already fragile situation (World Bank, 2008a). Over and above the fact that, in SSA, people continue to live under serious economic hardships - with literally no safety nets from the governments for the poor - the effects of the global financial crisis affected these very people as increased economic strains on the governments following an unprecedented drop in official development assistance (ODA), investments, and employment heightened as the crisis gained momentum (World Bank, 2008b).

Table 3 below illustrates Africa's progress in MDGs. Africa remains off track in many MDGs, especially and disturbingly in the MDGs that relate to human rights types of targets such as maternal and child mortality. In fact, the two MDGs that Africa is on track in meeting (i.e. primary education and empowerment of women) do not talk to the quality of life. For instance, children can be at school but not receiving quality education and women can be in senior political position while domestic violence is rife. That said, it should count for something that Africa is meeting Goal 7 (i.e. environmental sustainability).

Table 3: Africa's MDGs performance at a glance

Goal 1: Eradicate extreme poverty & hunger	Off track
Goal 2: Achieve universal primary education	On track
Goal 3: Promote gender equality & empower women	On track
Goal 4: Reduce child mortality	Off track
Goal 5: Improve maternal health	Off track
Goal 6: Combat HIV/AIDS, malaria & other diseases	Off track
Goal 7: Ensure environmental sustainability	On track

Source: MDG Report (2012: 21)

Although Africa is making commendable strides, the availability of decent jobs remains a challenge, especially as the majority of jobs on the continent are in the informal sector which generally has low incomes, low productivity and poor working conditions (MDG Report, 2012). In addition, vulnerable employment accounts for 70 per cent of employment growth and is largely overrepresented by women. Wide gaps remain in women's access to paid work in at least half of all regions. Following significant job losses in 2008-2009, the growth in employment during the economic recovery in 2010, was lower for women than for men and women employed in manufacturing industries were especially hard hit.

Lastly, inequality and social disparities are also hampering progress on the poverty reduction goal. The Africa Progress Panel in its 2012 Report highlights this quite strongly stating that "inequality constrains poverty reduction... and social disparities are also acting as a brake on progress toward other MDGs". Progress in ameliorating slum conditions has not been sufficient to offset the growth of informal settlements throughout the developing world. In developing regions, the number of urban residents living in slum conditions is now estimated at 828 million, compared to 657 million in 1990 and 767 million in 2000. Redoubled efforts will be needed to improve the lives of the urban poor in cities and metropolis across the developing world.

Sustaining Africa's growth

The first fundamental question to address is: what has precipitated the celebrated Africa growth? There are two broad views that answer this important question. Before discussing the two views, it is important to indicate that it is not necessarily the resource or commodities boom that have mainly accounted for the rapid economic growth in Africa[9].

First, growth in many African countries is largely a statistical artifact – the economies that come from a very low base witness high GDP growth rates (e.g. Mali, Mozambique, Somalia, DRC and Ethiopia). The second view is that the policy environment has been conducive for growth. In other words, the economic policy and political reforms that many African countries have embarked upon over the recent past contribute to improving factors that make up aggregate demand on the African continent. Improvements in economic infrastructure, macroeconomic fundamentals, public finances and increases in foreign direct investments and foreign trade, among other issues, has to do with what is considered an ideal policy environment.

However, the celebrated GDP growth rates, as argued above, are not as high in a comparative context. The policy environment, arguably, has not been as conducive to higher economic growth rates – Africa's GDP growth rates have remained below 6% for decades, before and after the global economic crisis. The economic policy and political reforms that many African countries have pursued have largely ensured macroeconomic stabilization. Further economic policy reforms are needed to place

Africa on a higher GDP growth path. For the African economic renaissance paradigm, policy reforms must not be the type that is externally designed to serve the interest of the market, which breeds misery, underdevelopment, poverty, inequality and social disorder. Africa needs reforms that are designed with due consideration to the local peculiarity of the political economies of the continent, social inclusion and spatial spread. Among other things, policy reforms must involve paying attention to the informal sector, 'the moral economy of affection' based on kinship networks, family ties and empowerment of people in the rural areas, where majority of the people live (Hyden, 2007).

As indicated above, some significant economies such as the South African economy have actually performed poorly in a comparative context and relative to size of the economy. For instance, Table 4 below shows that South Africa has consistently performed below its peers such as India, Brazil, Indonesia, Malaysia, and Chile. For Africa's GDP growth to be sustainable, countries like South Africa need to have higher GDP growth rates.

Table 4: GDP growth, comparable countries

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
SA	4.2	2.7	3.7	2.9	4.6	5.3	5.6	5.5	3.6	-1.5	2.9
Brazil	4.3	1.3	2.7	1.1	5.7	3.2	4	6.1	5.2	-0.6	7.5
Chile	4.5	3.4	2.2	3.9	6	5.6	4.6	4.6	3.7	-1.7	5.2
India	4	5.2	3.8	8.4	8.3	9.3	9.3	9.8	4.9	9.1	9.7
Indonesia	4.9	3.6	4.5	4.8	5	5.7	5.5	6.3	6	4.6	6.1
Malaysia	8.9	0.5	5.4	5.8	6.8	5.3	5.8	6.5	4.7	-1.7	7.2

Source: Development Indicators (2012)

It is actually important to note that sound economies, such as the Indian and Indonesian economies, did not endure negative growth rates even in the context of the 2008/9 global economic recession. It is also worth observing that Brazil experienced an average negative growth rate which is far lower than that experienced by South Africa. The rebound of GDP growth rates of all the countries that are compared with South Africa, in Table 4, is very significant compared to that of South Africa. Brazil's GDP growth rebounds to 7.5% in 2010 and Malaysia's GDP growth rate rebounds to 7.2% while South Africa's GDP growth rate rebounds to a mediocre 2.9%, and the South African economy appears to be going to a recession.

Taking the next two years into account, the point made that South Africa performs relatively poorly still holds. The Nigerian economy, on the other hand, is growing much faster, as Table 5 shows.

Table 5: Gross Domestic Product and Inflation, projections

	GDP projections				Inflation projections		
	2012	2013	2014		2012	2013	2014
World	3.3	3.6	4.1		4	3.7	3.6
Emerging Markets	5.3	5.6	5.9		6.1	5.8	5.3
Sub-Saharan Africa	5	5.7	5.5		9.1	7.1	6.1
South Africa	2.5	3	3.8		5.7	5.5	5.1
Nigeria	6.61	6.75	7.27		11.98	9.76	9.49
Brazil	1.5	4	4.2		5.2	4.9	4.8
India	4.9	6	6.4		10.3	9.6	8.3
China	7.8	8.2	8.5		3	3	3

Source: South African National Treasury (2012) and Nigerian Statistical Agency (2013)

When comparing Nigeria and South Africa[10], Nigeria has much higher GDP growth rates; at least 6% while South Africa's GDP growth rates have remained below 5%. Nigeria's economy is growing at rates comparable to India, even China. Nigeria's inflation rate is however very high, at similar levels as India. In fact, Nigeria's economy would grow above the sub-Saharan average and the emerging markets average. However, the inflation in Nigeria would also remain high. There is still room for further economic stabilization in Nigeria, like in many African countries, and the next set of policy reforms should focus on higher economic growth rates.

Developments in countries such as Brazil, Malaysia and others suggest that a country needs a robust economic policy framework to sustain GDP growth[11]. So, although many countries in Africa embarked on policy reforms particularly during the 2000s, the policy environment is still not sound enough. There are two economic policy areas that require attention, if the GDP growth rates that Africa has experienced are to be sustained. First, industrialization remains a major policy challenge and an opportunity for provision of jobs along the value chain. Although many African countries are pursuing some economic restructuring, most of the countries do not have robust industrial development policies. Economic restructuring has been on the cards, in Africa, since the 1970s but many African countries are still reliant on a few economic sectors. There are very few countries in Africa that have some sectoral diversification. Therefore, more needs to be done on industrial development – and industrial development, in the case of the majority of African countries, should be linked with land and agrarian reforms.

The second policy issue is the labour market. Many African countries do not have clear labour market policies. Given the youthful nature of the African continent, it is critical that there are employment policies to address a very high unemployment level in the continent. In other words, active labour market type policies[12] should be pursued to ensure that the productive resource, especially the youth, of the continent is put into productive use in order to sustain the growth of the African economy.

Africa's growth for human development

The issue of labour market policy discussed above is critical in many respects. From an economic policy perspective, the labour market is an important market for economic development. From a social policy perspective, the labour market is critical as an instrument for transforming social relations and improving human development.

For high GDP growth rates to translate to improved welfare, the labour market would play an important role. Per capita incomes can only increase if people are in gainful employment – and per capita income is one of the main variables for the Human Development Index[13]. Therefore, besides investing in education and healthcare, the labour market should function optimally in order to increase the level of human development. It is argued, perhaps simplistically, that to translate high economic growth rates to the improvement of wellbeing in Africa, it is important that as many people as possible are employed.

The last policy issue, that requires urgent attention, is social policy. It has been argued that most African countries do not at all have social policies. Social policies are critical for both economic growth and social development. The transformation of institutions in order that they ensure equality of opportunities, as an example, is an important social policy issue. The protection of the most vulnerable in societies, especially in the event of external shocks, is a critical social policy issue.

Socio-economic development – African economic renaissance

As demonstrated above, Africa is to a large extent stagnant in terms of socio-economic development – Africa's time would, arguably, be the 22nd century. The fundamental challenge of Africa's development, from a political economy point of view, has been thoroughly analyzed. Samir Amin, Adebayo Adedeji and Thandika Mkandawire are the three African scholars that have written extensively about the African economy overtime. There are other economists, such as Paul Collier and others, who have been writing on the African economy. This paper focuses on African economists because their analysis is more contextual and nuanced, in the sense that the historical context that has shaped the 21st century African political economy is critical to the examination of the various aspects of the African political economy.

In the recent period, Benno Ndulu and Omar Kabaj are the two African scholars – or their respective institutions – that have provided an extensive account of the performance of the African economy as well as made proposals on how to get Africa to a higher growth trajectory. Unlike the earlier scholars of the African economy, say Samir Amin, the recent and or current scholars of the African economy appear constrained by the neo-liberal dogma that their respective institutions might be imposing or have imposed on them. In essence, an analysis of the African economy that does not take into account the evolution of the African economy since the pre-colonial times is inadequate because the manner in which the African economy has integrated with the global economy has significantly influenced the performance of the African economy.

That said, the overarching message, which is indubitable, appears to be that economic growth in Africa has remained below par. However, even if the African economy grew faster, as it appears to be doing presently or before the global economic recession, it can be argued that the challenges of poverty and underdevelopment would remain.

Adebayo Adedeji, in his Statement to the Economic and Social Council of the United Nations in Geneva in July 12 1979, made a profound point, among others, that "Africa needs complete restructuring and transformation of its political economies from dependent to self-reliant ones". It could be argued that Adedeji was talking about a fundamental change in the structure of the African economy and the social processes that shape socio-economic development approaches. The structure of the African economy is simply a legacy of colonialism. Because African economies were configured as satellite economies, they predominantly rely on a few sectors of the economy. I must hasten to add that the structure of an economy should be viewed not only in terms of sectoral diversification – ownership of the means of production as well as linkages among the sub-sectors is equally important. In South Africa, for instance, economists talk of a Mineral-Energy-Complex (MEC); implying that the economy is predominantly shaped in such a way that it is dominated by the relationship between the mineral sector and energy sub-sector.

Therefore, the central argument is that the structure of the African economy should be reconfigured. As it has been argued, repeatedly, the capitalist or free market or free enterprise economic philosophy does not work for the many. Amin (1997: 95) puts it well when he said that "contemporary society is manifestly in crisis, if we define crisis as a situation in which the expectations of the majority cannot be satisfied by the logic of the [capitalist] system". Amin goes on to say that "capitalism and crisis are not incompatible: far from it, because the logic of capital necessarily generates crisis. The solution implies a modification of the rules of the game…an alternative social project" (p96).

For Africa, an argument can be made that the free market economic system is not the ideal framework for Africa's development. The free market economic system came with colonialism. The pre-mercantilist African economy functioned along the lines of what scholars have termed communalism. Rodney (1973: 12) defines communalism as a system where "property [is] collectively owned, work done in common and goods shared equally". This is in sharp contrast to capitalism, which came with colonialism, which, according to Rodney, resulted in “concentration in a few hands of ownership of the means of producing wealth and by unequal distribution of the products of human labour” (p12).

The challenge facing the African economy is fundamentally the socio-economic development model that Africa adapted or was imposed on Africa. Netshitenzhe (2013: 21) argues that “a new socio-economic system should be an all-encompassing Continental Democratic Revolution”. Such a model focuses on ensuring higher rates of economic growth, deepening of democracy, etc. Gumede (2010) concluded that social processes associated with the capitalist economic system were to blame for the slow progress that Africa experienced. The answer, Gumede (2010) argued, is for Africa to pursue its own paradigm for economic and social development. In the meantime, perhaps because it is difficult to change the developmental model overnight, the restructuring of the African economy is the answer. In addition, as Tomori (1995: 248) puts it, “Africans should formulate and implement policies that are consistent with their needs even if these are not always approved by the international community”.

The issue of ‘policies’ for the African continent has been a matter of debate for a long time. Although there appears to be an overlapping consensus that different policies were or are needed for Africa, there are some African scholars – such as Godfrey Mwakikagile – who have peddled the neoliberal dogma blindly pursued by non-African economists such as Jeffrey Sachs. For instance, Mwakikagile (1999: 3) indicates that “there is an explanation for Africa’s poor performance: bad policies…”.Mwakikagile laments that “many African countries still control much of their economies” and he recommends that “African governments [should] privatize their economies and adopt other free-market devices such as lifting exchange controls and liberalizing trade in order to attract foreign investment and encourage local entrepreneurship” (p5). These recommendations cannot be taken seriously, as Mkandawire and Soludo (1999) argue. As several cases of privatization have shown, it has not been the magic wand for economic development, that was presented by the West. With few exceptions such as the privatization of the telecommunication sector in different countries in Africa, this neoliberal ‘cure all medicine’ has become another opportunity for private capital accumulation by western backed multinational corporations and the comprador bourgeoisies in Africa (Odukoya, 2011).

Common wisdom – ‘international norm’ – has been that the state should not interfere with the market, except in an instance of market failures. There is or was no mention of the citizen at all. The conventional approach to economic development has failed because of the neo-liberal dogma that the market is all and in all. Amin (1972: 107) eloquently argued that “a society cannot be reduced to a mode of production. The concept of mode of production is *abstract*”. However, the neo-liberal paradigm and its free enterprise ideology did not listen to Amin and others.

The better interface between the citizen, the state and the market has to depart from a view that the state leads socio-economic development. The state should, however, have the appropriate capacity and it has to be organized in a manner that ensured that it is effective. The citizenry, on the other hand, should be able to hold the state accountable. The market should take a cue from the state. This is an implicit argument made by Mkandawire and Soludo (1999); that the state should lead in development. However, as Gumede (2011: 265) argues, the organization and capacity of the state needs reconfiguration in many instances in order to improve long range planning…this suggests a central role that only the government can play”. With regard to Africa, going forward, the fundamental answer is on rethinking Africa’s political economy. Africa requires a different, if not new, socio-economic development model. The rethink of Africa’s political economy also means a different interface between the state, the citizen and the market. As argued, the state should lead and citizens should be in a position to hold the state accountable. This is the essence of the African economic renaissance paradigm.

The new or different social and economic development model – informed by the proposed African economic renaissance paradigm – which this paper argues for requires the following main components: robust social policies, effective industrial policies, entrepreneurship, state ownership and (lastly) intra-African trade. Social policy is an important instrument for transforming social relations, social welfare and institutions as well as ensuring effective social protection of the most vulnerable (Mkandawire, 2001). Africa, or rather specific countries in the continent, requires robust social policies. For most of Africa, it can be argued that social policies, where they exist, are not comprehensive and or not effective. The social policies that are very much needed require to be implemented in concert with economic policies. In particular, macroeconomic policies should not contradict social policies. For instance, fiscal and monetary policies have a tendency to be counterproductive in many countries in the continent which would contradict the main objectives of social policy. While fiscal and monetary policies may enhance macro-economic stability, they may not be able to safeguard the wellbeing of people except when the state puts in place measures for wealth redistribution.

Industrial policies are the second main tenets of the proposed development model. The restructuring of the African economy that many economists have argued for over decades require robust industrial policies, at minimum. Industrial policy is primarily about changing the sectoral composition of a particular economy. The standard narrative, which is essentially neo-liberal, is that economies should progress from primary sectors to manufacturing to services sectors. Industrial policy is often pursued in order to ‘pick the winners’; to select those sectors that can contribute a larger share in the output of an economy and in employment. I am proposing a different narrative; that Africa should ‘create the winners’ instead of ‘picking the winners’. Therefore, Africa’s industrial policies should be focusing on a different path and different form of industrialization and or industrial development. It might be better to think of a developmental strategy instead of industrial policy as conceived in literature. As Chang (2007) argued, developed countries of today used strategic industrial policy to achieve their present state of development. Chang (2007) actually contends that the industrial policies of countries such as France, Britain, Germany and United States of America ensured that infant industries were protected against competitions from foreign firms, until such a time that they were strong enough to withstand such competitions. Contemporary examples from China and Brazil show similar patterns of strategic industrial policy for industrial growth.

The other two aspects of the proposed developmental model for Africa relate to societal role in business. It is argued that Africa needs to increase its entrepreneurial ‘class’ and governments should improve state ownership. In other words, Africa should be focusing on increasing the number and the role of African-owned and state-owned enterprises. This implies that the so-called increasing middle class in Africa cannot be celebrated, just like we cannot be celebrating the current rates of economic growth. This does not mean that Africa should not recognize that something positive is taking place. It simply means that Africa need not be derailed from the important cause it should pursue.

Lastly, Africa has to improve intra-African trade which is estimated at about 10% of the total volume of trade in the region (World Bank, 2010). Although a recent study by the Africa Development Bank shows that the volume of intra-Africa trade has increased to 16%, this is still very low when compared with over 60% volume of trade with developed economies such as those of Europe and United States of America (Kigombe, 2013). Trade within and or among African countries can be improved if Africa substitutes its trade with non-African countries for trade within Africa. Increasing intra-African trade is closely linked to Africa's industrial development approach. Different parts of the continent could specialize in certain sectors and or subsectors in order to trade with other parts of the continent, just as standard international trade theory suggests.

Concluding remarks

The paper has questioned the extent to which Africa's growth rates should be celebrated. The paper demonstrated that GDP growth rates in Africa have not been as high, in a comparative context with other emerging economies in Asia and Latin America. The paper also discussed low levels of social and human development in Africa, indicating that from per capita incomes perspective GDP growth in Africa has not translated to improved wellbeing. The paper argued that in order to improve GDP growth and to ensure that there is an improvement in human development, the policy environment needs tweaking. Industrial development and employment are two economic policy areas that the paper argues that need urgent attention for sustaining GDP growth. Labour market policy and social policy are the two areas that are needed, according to the paper, in translating GDP growth to improved welfare in Africa. There could be many other areas that can sustain GDP growth in Africa, and perhaps an equal large number of areas that can translate economic growth to welfare gains. The paper focuses on what it considers are the fundamental and or overarching areas, and it proposes a new and or different socio-economic development model for Africa.

In conclusion, the further improvement of the policy environment could benefit from a developmental state[14] framework. The notion of a developmental state, as a framework for socio-economic development, highlights the areas that governments, in partnerships, should focus on. Social and economic policies are critical, from a developmental state perspective. Capacity to deliver on a long term vision is paramount, from a developmental state framework point of view. It is recommended that as African countries pursue means to further grow their economies, ensure that growth is sustainable and that growth translates to welfare improvements, African countries should adapt the developmental state framework that can guarantee that African countries further develop socially and economically – African countries can tweak and or adapt parts of a developmental state framework that have relevance for their specific contexts.

More fundamentally, the lasting solution could be found in a new or different socio-economic development model for Africa informed by an African economic renaissance paradigm. The proposed model is different from the predominant economic system. It is also different from what has been viewed as an alternative economic system (i.e. communism/socialism). The proposed model takes a cue from Africa's political economy before colonialism and imperialism. In other words, it could be viewed as a modified version of *communalism*. This paper did not deal with this subject extensively because it is a subject that requires a separate paper or even a book. This paper intended to table the broad notion of a new or different socio-economic development model within the context of an African economic renaissance paradigm. It is argued that the 21st century would largely solidify the political, social and cultural emancipation of the African continent, and that the 21st century would lay the foundation for African economic renaissance.

Endnotes

[1] Refer to Ama Mazama (2001). Molefi Asante (2008) defines Afrocentricity as "a consciousness, quality of thought, mode of analysis, and actionable perspective where Africans seek, from agency, to assert subject place within the context of African history".

[2] The African Renaissance concept was first articulated by Cheik Anta Diop in the middle of the 20th century and it has been popularized by Thabo Mbeki during the 21st century.

[3] Africa, like many other regions or continents, is huge and diverse. Countries in Africa differ in many ways and sub-regions of the continent also differ significantly. Although this chapter also discusses the 'oil economies' of the continent as well as the 'Arab economies', the focus is on the south of the Sahara (sub-Saharan Africa). The notion of sub-Saharan Africa (SSA), though ideologically contentious, is useful for analytical purposes. Sub-Saharan African economies warrant special focus given the peculiar socio-economic challenges they face, which North Africa and Middle East (NAME) do not endure or rather the nature of the socio-economic challenges, developments and prospects differ between SSA and NAME.

[4] Among others, the clarion call for the restructuring of the economies of the continent was made by the then Secretary General of the Economic Commission for Africa (Adebayo Adedeji) in his Statement to the Economic and Social Council of the United Nations in Geneva in July 12 1979 when he said that "Africa needs complete restructuring and transformation of its political economies from dependent to self-reliant ones"

[5] UNCTAD handbook of Statistics (2008), Table 8.2.1 and updated with statistics obtained from http://stats.unctad.org/Handbook/tableViewer/tableView.aspx?Report=2069

[6] The debate about the standard measure of economic performance (i.e. GDP) is not new. There is a broad consensus that GDP is not an ideal measure of societal development. The recent report of the *Commission on the Measurement of Economic Performance and Social Progress (*http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf*)* by Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi deal with this issue in detail.

[7] World Bank (2013), Africa's Competitive Report. International Monetary Fund (2011), World Economic Outlook Database, http://www.imf.org/external/pubs/ft/weo/2011/01/weodata/index.aspx.

[8] Aharonovitz (2011: 108) draws from Azariadis and Starchurski (2005) to define poverty traps as "any self-reinforcing mechanisms that causes poverty to persist."

[9] McKinsey Global Institute (2010) estimate that, between 2000 and 2008, the natural resources accounted for 24% of Africa's Gross Domestic Product growth

[10] South Africa is placed as number 25 while Nigeria is number 30 in the global rankings of economies by the International Monetary Fund. Ranking of economies, particularly by the World Bank and the International Monetary Fund, uses constant prices (against a chosen year) and it is in Purchasing Power Parity (PPP) terms. PPP refers to a technique used to determine the relative price of currencies. It estimates the amount of adjustment needed on the price of currencies between countries in order for the exchange to be equivalent to (or on par with) each currency's purchasing power.

[11] Gumede (2011) discusses this issue in detail, and makes proposals on what kind of a policy mix and vision of the African economy that are needed.

[12] Active labour market interventions include programmes such as job search, in-service training, employment subsidies, etc

[13] Human Development Index (HDI) is a composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living

[14] Refer to Gumede (2010) on the treatment of developmental states in Africa. Gumede (2008: 9) defines a developmental state as a "state that is active in pursuing its developmental agenda, working with social partners, and has the capacity and is appropriately organised for its predetermined developmental objectives".

References

Adedeji, A. 1979. Statement to the Economic and Social Council of the United Nations. Second Regular Session, July 12 1979, Geneva.

Aharonovitz, G.D., 2011. Why cannot poor countries utilise existing knowledge? Expansion of firms and human capital accumulation by training.*Economic Enquiry*, 49(1): 108 – 121.

Amin, S., 1972. Underdevelopment and Dependence in Black Africa: Historical Origin. *Journal of Peace Research*, Vol. 9, No. 2, pp. 105-120

Amin, S., 1997. Capitalism in the Age of Globalisation: The Management of Contemporary Society. Zeb Books, Cape Town

Baxter, R., 2008.The Global Economic Crisis and its Impact on South Africa. Available at: http://www.reservebank.co.za/internet/Publication.nsf/LADV/21EFDE8DEE82935342257601003680B6/$File/Roger+Baxter.pdf

Chang, H-J., 2007. *Bad Samaritans: Rich Nations, Poor Policies, and the Threat to the Developing World.* Random House, London

Gumede, V., 2008. Public policy making in a post-apartheid South Africa – a preliminary perspective. *Africanus: Journal of Development Studies,* 38(2), pp. 7–23

Gumede, V.2010. Developmental States Remain a Pipedream in Africa. *The Thinker: Journal of Progressive Thought*. Volume 19.

Gumede, V. 2011. The Role of Public Policies and Policy Makers in Africa: Responding to Global Economic Crises. In Lee, DR and Ndulo, M (Eds), *The Food* *and Financial Crises in Sub-Saharan Africa: Origins, Impacts and Policy Implications,* CABI International, United Kingdom

Hyden, G., 2007. Governance and Poverty Reduction in Africa, PNAS, October, Vol. 104, No. 43.

Kigombe, C., 2013. Intra-Africa Trade for Structural Economic Transformation. Available at: www.afdb.org

MDG Africa Steering Group., 2008. *Achieving the Millennium Development Goals in Africa: Recommendations of the MDG Africa Steering Group,* New York

Mkandawire, T., 2001. Social policy in a development context. Social Policy and Development Programme Paper 7. United Nations Research Institute for Social Development, Geneva.

Mkandawire, T and Soludo, C., 1999. *Our Continent, Our Future: African Perspectives on Structural Adjustment*. Codesria, Senegal

Mwakikagile, G., 1999. Economic Development in Africa. Nova Science Publishers, New York

Netshitenzhe, J., 2013. A Pan-African Renaissance in the next 50 years. *The Thinker: Journal of Progressive Thought*. Volume 51.

Odukoya, A., 2011. A Discourse on Accumulation and the Contradictions of Capitalist Development in Nigeria. Unpublished PhD Thesis. Department of Political Science, University of Lagos.

Rodney, W., 1973. *How Europe Underdeveloped Africa*. Bogle-L'Ouverture Publications, London and Tanzanian Publishing House, Dar-Es-Salaam

Sachs J.D., 2005. *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals.* UN Millennium Project, 2005, New York.

Sachs, J.D., McArthur, J., Schmidt-Traub, G., Kruk, M., Bahadur, C., Faye, M., and McCord, G., 2004. *Ending Africa's Poverty Trap*. Brookings Papers on Economic Activity 2004 (1), pp. 117–216.

Tomori, S., 1995. Evolving a New Development Paradigm for Africa. In Onimode, B and Synge, R .1995 (Eds.), *Issues in African Development: Essays in Honour of Adebayo Adedeji at 65*. Heinemann Educational Books, Nigeria

Wade, R., 2013. The United States and the World The Art of Power Maintenance, *Challenge*, vol. 56, no. 1, January/February 2013, pp. 5–39

World Bank., 2010. Global Monitoring Report: Achieving the MDGs in the Aftermath of the Global Economic Crisis World Bank, Washington DC

World Bank., 2008a. Rising Food Prices Spell Hunger for Millions Across Africa. Available at:http://go.worldbank.org/PJB46DLNH0

World Bank., 2008b. Rising food prices: Policy options and World Bank response. Available at:http://siteresources.worldbank.org/NEWS/Resources/risingfoodprices_backgroundnote_apr08.pdf

United Nations Development Programme., 2012. *Millennium Development Goals*. UNDP, New York