Journal of Development and Agricultural Economics Vol. 3(1), pp. 1-6, January 2011
Available online at http://www.academicjournals.org/JDAE
ISSN 2006- 9774 ©2011 Academic Journals

*Review*

# Development ideas in post-independence: Sub-Saharan Africa

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Accepted 17 December, 2010

**Most sub-Saharan African leaders seem to misunderstand the development concepts or ideas by embracing the African socialist system as a path of economic development. The leaders focused on strong nationalist sentiments and economy of affection and neglected the rural development, a sine qua none condition of economic growth and development in Africa. This study defines the development concepts and different economic systems, analyzes the relationship between governance, leadership and development, describes the common characteristics of African economies, and puts forward a view on the developmental policies that might address the development challenges of the region. African policy makers should recognize the failed policies of the past and be attentive to agricultural and rural development ideas in their economic development process.**

**Key words:** Development, economic growth, governance, leadership, agriculture, pro-poor policies.

## INTRODUCTION

High poverty levels in sub-Saharan Africa have tied the majority of population up in the rural areas (Krugman, 2009). The region might remain poor as long as it would be poorly managed. Post – independence sub-Saharan African leaders rejected the market economy because it was seen as a colonialist system, which led to the destruction of African society. These leaders embraced the African socialist system (State control and bureaucracy) as a path of economic development. They focused on strong nationalist sentiments and neglected the rural development. For these leaders, the most important task after independence was to restore indigenous principles and values. Since the mid 1960s real income growth in sub-Saharan Africa has differed widely from country to country, but has remained close to zero on average (World Resources Institute, 2005). Hyden (1983) viewed the economy of affection as an indigenous form of economic and social organization in Africa societies dealing with peasant mode of production, governance, policymaking and management issues. This affected economy denotes a network of support, communications, and interactions among groups connected by blood, kin, communities, and village affinities. Although, this type of economy served useful purposes such as basic survival, social maintenance, and development of informal sectors, it might hold back development of delaying changes in behavioral and institutional patterns capable of sustaining economic growth and development.

Economic success or failure of these sub-Saharan countries depends on economic, political, legal, and social institutions. These institutions may create incentives for investment and technology adoption for business to invest, and the opportunity to accumulate human capital for workers. Thus, engendering economic growth or discouraging such activities which lead to stagnation. Today the region remains poor because of low productivity and investment in agriculture, weak institutional path such as land tenure system, market institutions, economic institutions that protect property rights, educational institutions, low State capacity enabling the provision of the basic public goods, and because of its underdeveloped financial sector. The objectives of this study were to define the development concepts and different economic systems, analyze the relationship between governance, leadership and development, describe the common characteristics of African economies, and put forward a view on the role of the development policies that might address the development challenges of the region.

## DEVELOPMENT CONCEPTS AND DIFFERENT ECONOMIC SYSTEM

Development is a process of improving people's lives (Kabuya, 2007). It has different connotations to different peoples in different places and times. The ideas of development in sub-Saharan Africa (SSA) should encompass the ability to meet basic needs and to sustain economic growth, alleviation of poverty, creation of wealth, and economic freedom. Development is also a change in living standards, quality of life, women's status, and a change of people's attitude to work.

Economic development is a measure for gauging the economic well-being of a nation's people as compared with that of another nation's people (Wild, 2006). It also reflects economic output (agricultural and industrial); infrastructure (power and transportation facilities); physical health and level of education; and cultural, political, legal, and economic differences.

Economic system is the structure and process that a country uses to allocate its resources and conduct its economic activity. The following economic systems and their effects on the economy have been identified and explained (Kabuya, 2007): centrally planned economy, market economy and mixed economy.

Centrally planned economy is a system in which government owns most land, factories and plans nearly all economic activity. The ultimate goal is to achieve political, social, and economic objectives through complete control of production and distribution of resources. Group welfare is more important than individual well-being and thus strives to achieve economic and social equality. Many countries in SSA adopted central planning as their economic law in the 1960s. In the late 1980s, some nations dismantled central planning for several resources: (1) failure to create economic value (failure to produce quality products efficiently); (2) failure to provide incentives (Government ownership limited incentives to maximize benefits from resources, which lowered economic growth and living standards); (3) failure to achieve rapid growth; and (4) failure to satisfy consumer needs (consumers' basic needs were not being met).

Private parties (individuals or businesses) own vast majority of land, factories, and other economic resources in the market economy. Price mechanism determines the supply (the quantity of a good or service that producers are willing to provide at a specific selling price) and demand (the quantity of a good or service that buyer are willing to purchase at a specific selling price. Individuals concerns are above group concerns. The group benefits when individuals receive incentives and rewards to act in certain ways. Individuals have purchase options (free choice). Companies can decide what to produce and which markets to compete in. Prices rise or fall reflecting supply and demand. Government has little direct involvement, but plays some important roles such as enforcement of antitrust laws that encourage the development of industries, prevention of trade – restraining monopolies and combinations that exploit consumers and constrain commerce, encouragement of risk-taking by people and businesses, and provision of a stable fiscal (taxation, government spending) and monetary (money supply and interest rates) environments.

Mixed economy is an economic system in which land, factories, and other economic resources are more equally split between private and government ownership. Government controls economic sectors important to national security and long-term stability. Successful economy must be efficient and innovative, but also it is known to protect society. The goals are low unemployment, low poverty, steady economic growth, and an equitable distribution of wealth. Government ownership means less efficiency, innovation, responsibility and accountability, higher costs, slower growth and higher taxes and prices (decline of mixed economies). Some nations have been moving toward privatization by selling government owned economic resources to private companies and individuals in order to become more competitive (for example, Ghana, Zambia, etc).

## GOOD GOVERNANCE AND DEVELOPMENT

Development depends on good governance (Obama, 2009). Governance refers to essential parts of the broad cluster of institutions (Acemoglu, 2008). It would include the political institutions of a society (the process of collective decision-making and the checks on politicians), State capacity (the capacity of the State to provide public goods in diverse parts of the country), and regulation of economic institutions (how the State intervenes in encouraging or discouraging economic activities by various different actors). For instance, in Mauritius or Botswana, the path of institutional improvements would not have been possible without the participation and support of their population (Ogowo and Andranovich, 2005).

Rodrik (2008) argues that good governance is development itself. Good governance is both an end and a means. It is a key goal of development, broadly construed, and it is also an instrument for achieving better policymaking and improved economic outcomes. The hallmark of an advanced developed society is a government that exhibits the attributes of good governance such as transparency, rule of law, lack of corruption, voice and participation. Economists have recognized the importance of these attributes, but they have much less to say about how to achieve them. Economists are in the business of offering advice on governance as-an-end and have the tools that can provide analytical and occasionally prescriptive clarity to the issues.

When most people hear the word “governance”; they think of “government.” But governance is more than just government. People use governance in their daily lives to manage human relationship, just as corporations and countries use it to manage their interactions and activities. Good governance addresses the allocation and management of resources to respond to collective problems. It is characterized by the governance’s attributes that are already mentioned (equity, accountability, effectiveness, and strategic vision). These principles translate into the guarantee of human rights and the rule of law, and into transparent and accountable institutions.

“Governance is good” if it supports a society in which people can expand their choices in the way they live, promotes freedom from poverty, deprivation, fear, and violence, and sustain the environment and women’s advancement (that is, Mauritius). Speaking of the quality of a country’s governance is to mean the degree to which its institutions (parliament) and processes (electoral process) are transparent, accountable to people and allow them to participate in decisions that affect their lives. It is also the degree to which the private sector and organizations of the civil society are free and able to participate. It is good when government and governmental institutions are pro-poor and promote the human development of all citizens.

For the good of their own people, the capacity of weak African States to govern should be strengthened (that is, DRC, Sudan, Burundi, Somalia, Ethiopia) because countries that are well governed are both less likely to be violent and less likely to be poor. A country that protects human rights and promotes inclusion is less likely to have citizens who are aliened enough to turn to violence as a means of addressing their problems. Thus, good governance is the most-human-development friendly system of governance. The human development is aimed at expanding people’s capabilities and choices that enable them to live long, healthy, and creative lives and enable them to participate in decision-making affecting their lives (Sen, 1999). Its characteristics include people’s empowerment, equity of opportunities, sustainability, human security and freedom.

## NATURAL STATES AND LIMITED OPEN ACCESS

Most countries in SSA that are still in natural states that use the political system to regulate economic competition and create economic rents, use those rents to order social relations, control violence, and establish social cooperation (Ogowo, 2006). The natural state provides a solution to violence by embedding ethnic groups in a coalition of military, political, and economic elites. Elites all possess privileged access to valuable resources or valuable activities and the ability to form their organizations. Limiting access to activities, organizations, and privileges produces rents for elites. These rents are reduced if violence break-out; rent-creation enables elites to credibly commit to each other to limit violence.

Open access countries regulate economic competition in a way that dissipates rents and use competition to order social orders. The open access order is built on the organizational achievements of the natural state but extends citizenship to an ever growing proportion of the population. All citizens are able to form economic, political, religious, or social organizations to pursue any number of functions. It also allows individuals to pursue their own interests through organizations. Individuals continue to be motivated by economic rents in both political and economic markets, but the presence of open entry induces competition that tends to make such rents temporary. In terms of economic outcomes, the open access has proven much more successful at sustaining positive rates of growth over long periods in comparison to the more erratic stop and go character of economies in limited access countries.

## LEADERSHIP AND DEVELOPMENT

Leadership has many different meanings. Effective leadership might lead to economic growth and developmental achievements. Leadership is a process whereby an individual influence a group of individuals to achieve a common goal (Cheema, 2005). Defining leadership as a process means that it is not a trait or characteristic that resides in the leader, but it is a transactional event that occurs between the leader and his or her followers. Leadership is a combination of special traits or characteristics that individuals possess and that enable them to induce others to accomplish tasks. Leadership can also be defined in terms of the power relationship that exists between leaders and followers. From this viewpoint, leaders have power and wield it to effect change in others. Northouse (2004) views leadership as the focus of group processes and an instrument of good achievement in helping group members achieve their goals and meet their needs. This view includes leadership that transforms followers through vision setting, role modeling, and individualized attention.

Some scholars address leadership from a skills perspective. This viewpoint stresses the capabilities (knowledge and skills) that make effective leadership possible. Knowledge is inexplicably related to the application and implementation of information and the mental structure used to organize that information. People with a lot of knowledge have more complex organizing structures than individuals with less knowledge. Leaders with knowledge know much about the products, the tasks, people, organizations, and all the different ways these elements are related to each other. It is knowledge that makes it possible for people to think about complex issues and identify possible strategies for appropriate change.

Leader's competencies (problem-solving skills and social judgment skills) influence the outcomes of leadership. When leaders exhibit these competencies, they increase their chances of problems solving and overall performance. Problem solving is the keystone in the skill approach, which is a capability approach. The originality and the quality of expressed solutions to problem situations determine the criteria for good problem solving. Good problem solving involves creating solutions that are logical, effective, and unique and that go beyond given information (Northouse, 2004).

Behavioral flexibility is the capacity to change and adapt one's behavior in light of an understanding of others' perspectives in the organization. Being flexible means one is not locked into a singular approach to a problem. One is not dogmatic but rather maintains an openness and willingness to change. As the circumstances of a situation change, a flexible leader changes to meet the new demands.

## CHARACTERISTICS OF SUB-SAHARAN AFRICAN COUNTRIES

Given the colonial background, the SSA countries are different from each other in many aspects (Kabuya 2007). While some middle and low income countries have grown faster than high income countries (for example Cape Verde, Ethiopia, Lesotho, and Sudan), others have languished (that is, Chad, Ivory Cost, Eritrea, Zimbabwe). But all of them have at least some of the following characteristics, which could contribute to their vicious circle of poverty: government control of the economy (restrictions on trade, direct control of production, high level of government purchases relative to GDP, direct control of financial transactions, national marketing boards, lack of market and competition); unsustainable macroeconomic policies which cause high inflation and unstable output and employment; lack of financial markets that allow transfer of funds from savers to borrowers; weak enforcement of economic laws and regulations (weak enforcement of property rights makes investors less willing to engage in investment activities); a large underground economy relative to GDP and a large amount of corruption; a lack of transparency and of information; low measures of literacy and numeracy, and other measures of education and training; low levels of human capital that makes workers productive and in addition, many countries have borrowed extensively from foreign countries. Financial capital flows from foreign countries are able to finance investment projects that lead to higher production and consumption. But some investment projects fail and other borrowed funds are used primarily for consumption and payment of the civil servants. The origin of poverty of many African countries occurs when they borrow in international financial capital markets. The debt is almost always denominated in US $, Yen and Euro. When a depreciation or devaluation of domestic currencies occurs, the value of their liabilities (debt) rises because their liabilities are denominated in foreign currencies (Krugman, 2009).

The per capita income, which is a rough measure of the money value of goods and services produced and available on the average to the country, is so low that poverty and hunger are widespread. Since the population is growing faster than the food supply, survival has been difficult.

A very high percentage of the population is employed in agriculture. The level of agrarian technology is low; tools and equipment are limited. Opportunities for sale of agricultural products are limited by transportation difficulties and the essence of local demand.

SSA has a much distorted income distribution pattern; a relatively small group of people owns much of the nation's wealth and receives a substantial portion of income. These minorities often control the government and oppose changes that would harm their economic interests. Physicians and hospitals are, in many countries of SSA unavailable; people die of diseases and illnesses that might have been prevented if medical services were available. Women have a life expectancy and educational attainment lower than for women in the developed countries.

In addition to the above characteristics, Todaro and Smith (2009) described the diversity within commonality among upper middle countries (UMC), lower middle countries (LMC), and lower income countries (LIC): lower levels of living and productivity; lower levels of human capital (health, education, skills); higher levels of inequality and absolute poverty; higher population growth rates; greater social fractionalization; larger rural population, but rapid rural-to-urban migration; lower levels of industrialization and manufactured exports; adverse geography; underdeveloped financial and imperfect markets; colonial legacy and external dependence (institutions, private property, personal taxation).

## PUBLIC POLICY AND DEVELOPMENT

A policy is a set of actions taken to achieve a goal (general purpose) or achieve an objective (specific purpose) to correct or prevent an event (Dunn, 2008). Policy aims at affecting any individual or a group of people (stakeholders), a community or a nation. The process of public policy making is a political process based on exercise of political power and legal authorities.
The phases of policy making comprise: (1) the agenda setting or problem identification (what happened and was it worthwhile, what problem should be solved, what is the solution to the problem, what will happen and will it be

worthwhile?); (2) the formulation (potential solutions or options are formulated by policy analysts and policy outcomes are forecasted); (3) the adoption (recommending preferred policy that is adopted by an executive, legislative or judicial organ); (4) the implementation (policy is carried out by administrative agencies or departments and policy outcomes are monitored); (5) the evaluation or assessment (special agencies evaluate the policy outcomes or policy performance); (6) the adaptation (policies are changed to fit previously unknown circumstance and adapted policy is recommended); (7) the succession (policies continue with new goals or the existing policy is recommended); (8) the termination (policies and institutions terminate and no new policies are recommended). Organization cultures, problem-solving styles, institutional incentives, organization structures, or time constraints should be taken into account in the policy analysis and evaluation process.

Public policies fail because people define the wrong problem and get the wrong solution. People commit type III errors: defining the wrong problem (Dunn, 2008). These errors can be fatal: "Wrong problem, wrong solution"

Recommending preferred policies should consider the following criteria: (1) adequacy (policy is able to meet the shareholders' needs satisfactory); (2) efficiency (policy should produce outcomes effectively with a minimum of waste, expense or unnecessary effort); (3) effectiveness (policy should be able to bring about an intended or expected effect); (4) equity (policy should be just, impartial, and fair); (5) responsiveness (policy should respond or react quickly to correct the problem); (6) appropriateness (policy should be suitable for the targeted persons or groups).

A benefit-cost analysis is also a strategy leading to choose policies. It consists of identifying alternatives, specifying objectives, identifying target groups beneficiaries, listing all benefits and costs, collecting data for analysis, discounting benefits and costs to present value, selecting criterion of choice, comparing benefits and costs, and of making recommendation.

## DEVELOPMENTAL POLICIES

Designing and implementing effective development policy options require that the obstacles to economic growth and development be identified. The SSA region has been facing different impediments to its economic development. Regardless of a country size, natural resources or level of development, countries with large population and high birth rates (for example DRC, Cameroon, Nigeria, etc) face increasing problems. Increased population can lead to unemployment, stress, demand for human services than can be greater than the capacity of the city or township to provide. In many SSA countries the need to satisfy the demand for food has prevented the allocation of resources to economic development. As a result, the inability to industrialize reduces the potential to earn money from exports to pay for the import of foodstuffs. The region remains the vicious cycle of hunger.

A requisite for the economic and social development of the region is an adequate system of roads. The region does not have the resources to maintain an adequate road system. The lack of infrastructure (highways, railways, airports, housing, schools, transportation and communication facilities, or other social amenities) creates a problem of economic development. Dams, bridges, sewage disposals, and other facilities, which are a vital part of a country's infrastructure are usually inadequate. Government owned telephone and postal services are notoriously inefficient in most SSA countries. Education facilities are a key component in the infrastructure of a country. Education itself is directly related to the quality of life and constitutes a form of human capital. There is a positive correlation between a lower standard of living and a higher rate of illiteracy (Krugman, 2009). A lack of educational opportunities maintains the distinction between the have and have-nots in society and perpetuates class differences. A deteriorative education system has reduced the base of educated labor upon which the economic development of SSA countries depends.

Savings are a necessary requisite for capital formation, for without it investment for capital formation cannot take place. There is an extreme imbalance in the distribution of income, exacerbated in part by the existence of a large component of unskilled labor. The vast majority of workers in the region do not earn enough in order to save while a minority of households (politicians) gets most of the income.

The SSA region usually depends on the export of agricultural products, fuels minerals, or metals such as oil or copper. Many SSA countries depend on the export of a single product for the bulk of national income. These countries are subject to a disadvantage in trade with the developed countries and the terms of trade (the real quantity of exports required paying for a given amount of real imports) favor the developed countries. The foreign debt exceeds their exports. Diversification is therefore a key if these countries are to accelerate their development.

Cultural factors and the resistance to change (a new behavior) can also provide an obstacle to development. Culture, a way of living involves interaction between individuals and groups. It consists of behavior patterns and values of a social group that need new ideas to promote progress (Ogowo, 2005). Religion can provide the spiritual foundation for a culture and also exacerbate the problems of development (for example cultural and religious conflicts in Nigeria and Sudan).

There is no single or easy development option that will enable the region to progress towards the developed status. However, there are a number of alternatives that must be considered for economic growth and development to take place. An important first step in the development of SSA countries should be increased efficiency in agriculture (agricultural development policy). Increased efficiency and inputs productivity in Agriculture can lead to a surplus of output over and beyond what the agricultural sector consumes. This will make labor and raw materials available for the manufacturing sector.

Bryant and Kappaz (2005) discussed the drivers for reducing poverty such as increased institutional capacities, pro-poor and pro-growth policies with attention to distribution, national cooperation among non-state actors for national policy, and advocacy at all levels of governance that wins support for pro-poor and pro-growth policies.

In order for SSA to achieve an improved well-being of the population, the GDP must grow faster than the population rate; otherwise, the increasing population may offset any growth in the GDP and the region may remain at its status quo. Family planning, women literacy, and state of mind may help escape the population trap (Kabuya, 2007).

One of the most urgent needs is increased capital goods. The needs range from large irrigation dams, electrical generating plants, and transportation systems. Small tools that are relatively inexpensive such as steel ploughs, which can be pulled by horses or oxen, make a sizable difference to many small scale farmers. Having an abundance of labor and investing in simple farm tools that can be combined with that labor can yield larger returns than investing in a few large farm tractors and other complex machines that will be difficult to operate and maintain ( for example Botswana).

Sustainable and holistic macroeconomic policies can promote economic development. The problem with fiscal policy is that it is far more adaptable to the developed countries, where income, output, consumer spending, taxation, and investment are high enough to be manipulated. Most SSA counties rely on consumption taxes and duties as major resources of revenue. The informal economy makes tax avoidance easy and there is little income to tax. A fiscal responsibility is crucial for the development purpose. Economics of stimulus remains a must government policy at the current level of development in the SSA region. Policies should lean against the wind of the economy.

## CONCLUSION

### Is there hope for economic development in the region?

Climate changes, the global financial and economic crisis, and HIV/AIDS pandemic plague the region. Recognizing the failed policies of the past is a good thing. African policymakers should consider a development model that is inclusive, sustainable, and responsible.

Agriculture is the most effective sector for reducing both rural and urban poverty, and it contributes to economic development as a supplier of food and raw materials for other sectors of the economy and a source of foreign exchange earnings. The agriculture sector requires major changes such as land reform as well as a battery of measures to equip farmers with knowledge, confidence, and enhanced economic incentives they need in order to use unfamiliar, output-increasing technology.

Given insufficient economic growth, high income inequality, weak governance and leadership, as well as insufficient public investment, it is time to reshape policies and institutions that might address these specific constraints and benefit from open markets, trade, growth, information and debates on development ideas. Times change and policies should change with them.

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