A Political Economy of Africa and the Contemporary Global Crisis: the dynamics of dominations and crisis

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**A Political Economy of Africa and the Contemporary Global Crisis: The Dynamics of Domination and Crisis (Working Paper)**

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**ABSTRACT**

Contemporary capitalism is experiencing a fundamental crisis, with collapsing markets and over-production, leading to mass unemployment and cuts in living standards the world over. Like the previous world crises, nonetheless, Africa is an innocent victim of the crisis. But, how is the crisis affecting the political economy of African development? The primary objective of the paper is to analyze how the peripheral incorporation of Africa into the global capitalist political economy engenders a dynamic of domination and crisis, a situation which shapes and underlines dependency and underdevelopment in Africa. The escalating crises of dependency and underdevelopment have far reaching implications for internal politics as they engender revolutionary pressures and legitimacy crisis in Africa. In response to the revolutionary pressures and crisis of legitimacy, nonetheless, the ruling classes are likely to resort to the mobilization of violence to depoliticize society. Purposeful depoliticization will lead to alienation, resentment and dissent, which might invite even more repression. So, if the present economic stagflation persists, it will deepen class contradictions and probably cause governmental instabilities in Africa, but not necessary sparking off social and political revolutions in the foreseeable future. In the event of such stagnation and stalemate, the politics of anxiety will become institutionalized. And, increasingly the ruling classes will display signs of paranoia while the subordinate classes become frustrated, demoralized and available for induction into extremist movements. What then stares Africa in the face is fascism. Fascism is,
nonetheless, only a stalemate which may be protracted but nevertheless transitional. A major conclusion of the paper is that the continuing international crises will trigger internal legitimacy crisis and governmental repression thereby ushering an era of a vicious spiral of estrangement and repressive governance. This will lead to a stalemate, but in the long run, objective conditions are more likely to move Africa towards social democracy.

Introduction
By 2009, it became abundantly obvious that the world economy was engulfed in a crisis, one that promised to be long term and widespread in its ramifications. Whilst the crisis led to deepened recessions in most core capitalist economies, in Africa, two negative external shocks are discernible: a ‘financial shock’ involving the curtailment of external credit, and ‘trade shock’, manifested in diminished demand for Africa’s exports. These shocks are all the more problematic given that African economies are basically underdeveloped and dependent. Consequently, growth across sub-Saharan Africa plummeted during the global crisis to an average of 2 percent in 2009 from 5.6 percent the previous year. The IMF expected a turnaround and projected that growth will bounce back to 4½ percent and 5½ percent in 2010 and 2011 respectively. This represents a phenomenal rise given that GDP growth for sub-Saharan Africa (SSA) fell from 6.9 per cent in 2007 to 5.5 per cent and 2.1 per cent in 2008 and 2009, respectively (IMF 2010). Yet, at the turn of the current century, most of Africa witnessed sturdy economic performance, having recovered from its grievous record of the 1980s and early 1990s. This economic regeneration was disrupted by the eruption of the global financial crisis. The basic questions then, are: How is the crisis constituted and how does it affect the political economy of African development? What are the dimensions and long-term ramifications of the crisis for Africa? Will the economic crisis persist in disrupting the current SSA march toward prosperity? How is Africa to act today in response to this terrifying, failed system? This paper embodies an exploration of the political economy and dynamics of domination and crisis implicit in Africa’s engagements in the global economy.

History of Capitalism and Africa’s Engagement With It
Between the 1870s and 1900, the imperatives of European capitalist industrialism i.e. the demand for cheap and reliable sources of raw materials, the search for guaranteed external
markets and profitable investment outlets—spurred the European scramble and the partition and ultimate subjugation of Africa. This imperialist push has had the most profound impact on the political economy of African development. A proper comprehension of the impact of the global crisis on Africa must examine ways in which Africapolitical economy and development is fundamentally shaped by the nature of her systemic integration into the global economy as primary commodity export dependent economies; shaped under colonialism and perpetuated even in conditions of post-coloniality.

Contemporary capitalism confirms the prophecy of Marx and Engels (1848) over a century and half ago that “the society… of ‘overproduction’ and excessive speculation, has plainly broken down and reverted, as it always does’ to a ‘state of momentary barbarism’”. And, as capitalism spreads its tentacles throughout the globe, the bourgeoisie “compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image” (Marx and Engels 1848) Consequently, the contemporary era is experiencing the stretch of processes and institutions across the national space to globality. In tandem, the globalizing proclivities have transformed Africa states, destabilizing their economic and political independence. The reality is that neoliberal globalization builds the growth and development of one part of the world at the expense of other parts. That is done through the trajectories of a global free market. Globalization has engendered poverty and inequality to Africa due to the continent’s uneven incorporation into the world capitalist economy. The main hope for the future is not free trade, open markets and technological gains; rather, it is resistance to the impact of globalization by workers and peasants, and the construction by Africans themselves of an alternative future.

A cursory look at the political economy dynamics of contemporary capitalism indicates that it is undergoing a deep, nay fundamental crisis, with collapsing markets and over-production, engendering to mass unemployment and cuts in living standards the world over. Bellamy Foster (2009) identifies three critical contradictions that make up the contemporary world crisis emanating from capitalist development as: (1) the current Great Financial Crisis and stagnation/depression; (2) the growing threat of planetary ecological collapse; and (3) the emergence of global imperial instability associated with shifting world hegemony and the struggle for resources. He further notes that “such structural weaknesses of the system, as Joseph
Schumpeter might have said, are the product of capitalism’s past successes, but they raise catastrophic problems and failures in the present nonetheless.” Indeed, the world economic crisis is now so harsh that Martin Wolf, chief economic commentator for the Financial Times warns that the entire system of world trade could break down as in the 1930s. How is Africa to act today in response to this terrifying, failed system? And, how is the crisis constituted and how does it affect the political economy of African development? An objective of the paper is to analyze how the peripheral incorporation of Africa into the global capitalist political economy engenders a dynamic of domination and crisis, a situation which shapes and underlines dependency and underdevelopment in Africa. The escalating crises of dependency and underdevelopment have far reaching implications for internal politics as they engender revolutionary pressures and legitimacy crisis in Africa. In response to the revolutionary pressures and crisis of legitimacy, nonetheless, the ruling classes are likely to resort to the mobilization of violence to depoliticize society. Purposeful depoliticization will lead to alienation, resentment and dissent, which might invite even more repression. So, if the present global economic stagflation persists, it will deepen class contradictions and probably cause governmental instabilities in Africa, but not necessary sparking off social and political revolutions in the foreseeable future. In the event of such stagnation and stalemate, the politics of anxiety will become institutionalized. And, increasingly the ruling classes will display signs of paranoia while the subordinate classes become frustrated, demoralized and available for induction into extremist movements. What then stares Africa in the face is fascism. Fascism is, nonetheless, only a stalemate which may be protracted but nevertheless transitional. A major conclusion of the paper is that the continuing international crises will trigger internal legitimacy crisis and governmental repression thereby ushering an era of a vicious spiral of estrangement and repressive governance. This will lead to a stalemate, but in the long run, objective conditions are more likely to move Africa towards social democracy.

The Boom and Bust of Capitalism

From all indications, Africa is experiencing crises of unimaginable proportions exacerbated by the current worldwide financial and economic crunch. The current crisis is, nonetheless, neither new nor entirely unanticipated. To underline this, it is perhaps important to go back into history. The history of capitalist development is replete with periodic, prolonged crises and/or depressions. The most insidious depression-dominated crisis to date was the 1930s Great
Depression, which saw the crisis or “recession” of 1929-33 and the comparatively brief “recession” of 1937-38, which was, however, extremely violent in the United States of America, where it originated. The effect was very harsh in the United States where official double-digit unemployment lingered through 1940, and official unemployment was still close to double-digit figures as late as 1941. Africa, at the time, was under colonial domination. The industrial cycle of the 1930s was radically different from all the other industrial cycles in the history of capitalism. Then, there were the stagflationary crisis of the 1970s, which witnessed a speedy succession of extremely highly inflationary spells, and the violent recession of 1974-75, which was itself quickly followed by the more prolonged economic crisis of 1979-82. There was also the deep recession of 1981-82. The decade had begun with the milder recession of 1969-70, which had followed the collapse of the “gold pool” in March 1968. In retrospect, the entire 14-year period from 1968 to 1982 appeared as one long-drawn-out economic crisis with fluctuations within it. In fine, we can argue that since its inception, capitalist development has followed a trajectory that periodically demonstrates decline, recession or crisis some of which have been phenomenally widespread and destructive.

It must be emphasized though that the Great Depression of 1929-1940, and the 1968-1982 stagflations were each followed by years of prosperity that stretched from right after World War II to 1968 and the “Great Moderation” that lasted from 1983 to 2007. So, the history of capitalist economic production reveals an alternation of depression/crisis and prosperity. This is what Marx called the industrial cycle i.e. boom, decline, depression, recovery and boom. Even the famous bourgeois political economist Joseph Schumpeter (1892-1950), in his 1939 book “Business Cycles,” supports the existence of capitalist economic cycles. In his much-quoted “18th Brumaire of Louis Bonaparte,” Marx gives a remarkable description of a capitalist downturn that hit France and Britain in 1851—almost 70 years before Kitchen “discovered” short cycles in the 1930s. This major global economic crisis had begun in Britain in the fall of 1847 when the London financial markets crashed. The resulting economic depression and associated mass unemployment helped trigger the wave of revolutions that swept the European continent during the following year, the revolutionary year 1848. However, a new and very powerful economic upswing soon set in—after only a brief depression—and was destined to continue until the next major crisis hit in 1857. This rapid return to prosperity after the brief 1848 depression was in sharp contrast to the prolonged depression and widespread unemployment that
followed the previous crisis in 1837. The powerful economic upswing of 1848-1857, in turn, helped strangle the revolutionary tide that had swept Europe in 1848. Marx and Engels were among the first to explain that the capitalist prosperity that began in 1848 had halted the revolutionary wave and ushered in a new period of political reaction. Marx and Engels had expected that the revolutionary wave would resume when the next economic crisis hit. As things turned out, the next major crisis didn’t break out until 1857, much later than Marx and Engels had originally expected. It was then that Marx and Engels realized that industrial cycles generally lasted about 10 years. In the “18th Brumaire of Louis Bonaparte,” Marx paid especially close attention to how changes in the economic situation affected the evolution of the political situation in France.

It is important to point out that Engels, writing in 1894, explained that the 10-year industrial cycle that he and Marx had written about in earlier years had seemingly undergone a change. The “former ten-year cycle,” Engels noted, “appears to have given way to a more chronic, long drawn out, alternation between a relatively short and slight business improvement and a relatively long, indecisive depression—taking place in the various industrial countries at different times.” “But perhaps,” Engels wrote, “it is only a matter of a prolongation of the duration of the cycle.

So from the historical accounts, we find that in the early years of world commerce, 1815-47, capitalist crises lasted about five years; from 1847 to 1867 the crises lasted nearly ten years; and later crises lasted even longer. What does this progression tell us? Is it possible that we are now in the preparatory stage of a new world crash of unprecedented, unparalleled vehemence? Many things seem to point in this direction. We are witnessing a prolongation of capitalist crisis.

To restate our position: What the world is experiencing today is a fundamental crisis of capitalism. And the ultimate reason for this crisis, as Marx notes, “always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute [physical] consuming power of society constituted their limit.” In other words, the capitalists are constantly revolutionising production, throwing enormous amounts of commodities onto the world market, which periodically come into conflict with the limits of consumption caused by the exploitation of the masses who are unable to buy the goods they produce, having been robbed of the full fruits of their labour by the capitalist bosses. As pointed out earlier, the current depression would likely represent the first
stage of a new “recession” in the long cycle that would be expected to last at least a decade and perhaps considerably longer. A discussion of why the current depression would last longer and be more widespread than the previous ones will take us too far afield and need not detain us. The important question however is how it would affect the politics, economy and societies in Africa? How would the petty bourgeois elite in power respond to it? And how would the African masses, workers and peasants react to it? Will the current crisis engender political turmoil? Will it lead to a consolidation of the political elite in power? Will it engender a transformation of society? This paper seeks to go beyond the normative accounts of the impact of capitalist crises on Africa, to explain that, having been incorporated into the global capitalist economy and emerged as a peripheral entity; Africa automatically suffers from the periodic boom and bust of capitalist development emanating from the core capitalist states. But in what ways do capitalist crises emanating from the global north affect the domestic political and economic conditions? More generally therefore, this paper interrogates the outcomes of the displacement and marginalization of Africa in global politics and development. It is essentially a particular ‘take’ on the topic of domination and crisis in Africa’s relations with the rest of the world, particularly the global north. It looks at the interface of globality, modernity and the escalating marginality of Africa in global politics and economy and their implications.

**The Imperialist Domination of Africa**

To set the tone and the background, we begin by tracing the evolution of colonialism in Africa, which navigated the incorporation of Africa into the international capitalist political economy. Africa’s integration into the world economic system, which started with the 1884-1885 Berlin Conference, had a devastating effect on her development. To comprehend this, it is important to emphasize that Europe colonized Africa in order to satisfy the imperial requirements of European capital. Colonialism then is a practice of domination, which involves the subjugation of one people to another. The history of Africa in the modern world is, thus the history of colonial domination and crisis. Essentially, that history begun with the era of the slave trade, and was exacerbated by the development of industrial capitalism which spurred imperialist aggression in the 18th century. It must be stressed that the integration of the colonial economies of Africa into the global capitalist system in the late nineteenth and early twentieth centuries had two contradictory impacts. Africa economic integration into the world capitalist economy resulted in its development as a peripheral capitalist economy, but in concomitant with this, in
the underdevelopment of its capitalist potential. The overall effect of all this has been disarticulation and incoherence in the African economies, lacking complementarity, reciprocity and forward and backward linkages. Disarticulated capitalism, in turn, has led to ‘non-autonomization of class domination’. And in the absence of autonomizing mechanisms there has been a resort to the use of physical coercion by the hegemonic factions of the ruling class. A situation therefore arises in most of Africa in which we have relations of raw power in which right tends to be coextensive with power. This is amply reflected in the fact that as a general rule, in African politics, efficiency norms prevail over legitimacy norms. So quite evidently, the first significant ramification of global crisis for Africa is the possible re-emergence of political or coercive authoritarianism. This represents a potential retreat from the democratic agenda to highly coercive authoritarianism, which may well be the greatest drawback to development in Africa. The current global crisis is likely to worsen economic conditions in Africa. And the worsening economic situation is likely to engender political repression and a fanatical focus on power. This will spread alienation, resentment, inefficiency and corruption. The politically disenfranchised African people will then most certainly not be available for supporting development projects. So there is a dialectical link between the global crisis and economic and political underdevelopment in Africa.

Africa today is struck by a crisis of inconceivable proportions. At the turn of the 21st century Africa was the only continent that did not grow or develop according to World Bank Reports. Over five decades of effort at development since decolonization have yielded largely stagflation, regression or worse. The tragic consequences of the continuing underdevelopment and dependency are all the more lucid: a rising wave of poverty, decaying public utilities and collapsing infrastructure, social tensions and political turmoil, and now, premonitions of inevitable drift into conflict and violence.

The economic indicators certainly speak to stagnation and decline of more to come: decades of falling or stagnating per capita income, a debt burden so crushing there is no way of paying or growing out of it, Africa’s ever diminishing share of world export trade, now no more than 1.5 per cent rendered it voiceless at WTO and virtually irrelevant to the global economy. Commodity earnings have been declining to the extent that by the turn of the current century they were in real terms, 25% below the level of 1980. But even more disturbing than the economic indicators is the scepter of encircling chaos. For sometime now the incidence of
political tension and conflict has been rising steadily. Now it culminates increasingly in violent conflict especially, communal clashes, insurrection, and civil wars, some of which have been incredibly disparaging. Violent conflict has turned Africa into a continent of refugees and displaced persons. About six million of the world’s estimated refugee population of seventeen million is Africans and approximately 15 million of the 25 million internally displaced persons world-wide are Africans (Deng, 1994).

The obvious question then is: why is development proving to be so elusive in Africa? To answer this question, we have to be clear as to the real forces behind the periodic crises of capitalism. It is thus important to place the crises in their historical context. Africa’s enslavement and colonization constitutes one of the fundamental pillars on which the African crises are hoisted. This specific form of domination which, in Africa’s case went on for close to five centuries was responsible for the uprooting of millions of Africans from their homel and to the so-called New World where they created new wealth for their captors. These circumstances, so well documented in Walter Rodney’s: How Europe Underdeveloped Africa must be underlined in the analysis of the present crises. It is however pertinent to concretely analyze the period of colonization. It is here that the more direct causes to the crises have to be found. The present international division of labour, although modified in the second post-war period, basically is foistered upon the colonial system and hence the correctness of the description of the present situation as being neo-colonial.

**Implications of the Crisis**

Macias and Massa (2009) have examined the long-term linkages between economic growth and four different types of private capital inflows (cross-border bank lending, foreign direct investment (FDI), bonds flows and portfolio equity flows) on a sample of selected sub-Saharan African countries over the period 1980-2007. The study shows that FDI and cross-border bank lending exert a significant and positive impact on sub-Saharan Africa’s growth. They estimate that a drop by 10% in FDI inflows may lead to a 0.5% decrease of income per capita in sub-Saharan Africa, and a 10% decrease in cross-border bank lending may reduce growth by up to 0.7%. Therefore, the global financial crisis is likely to have an important effect on sub-Saharan Africa’s growth through the private capital inflows channel (half a percent of growth is worth around $5 billion in lost output). The problem therefore is that the current crisis will have a serious development challenges to Africa. What will the social, political and economic
implications be? The first discernible implication will be the generation of social contradictions the dimensions of which may be wider.

Social Contradictions
The persistence of the global crisis will most certainly impact on the character of the state and politics in Africa, and thereby accentuate social tensions. The main social contradiction will be the attempt by the ruling classes to maintain power in the face of vanishing legitimacy. Already we know that the state in most of Africa lacks autonomy and has become counter-productive to collective identity. Instead of expressing and advancing unity, the state often is a contested terrain where different groups go to struggle to appropriate resources to serve their interests. As the global crisis persists and deepens, the state and the political class in control of it will increasingly experience legitimacy crisis. As a result, the autonomy of the state will be sacrificed; it will claim near absolute power; it will become tendentially authoritarian and in the absence of substantive checks and balances virtually arbitrary. It is important to recognize that we cannot comprehend development strategies and policies let alone the feasibility of development without referring constantly to the character of the state, the dynamics of the social forces in which it is embedded and the kind of politics it engenders. The crisis will, thus engender social contradictions and eventually lead to the private appropriation of state powers which will contrive the reinforcement of dependency and underdevelopment in Africa

Elite Response to the Crisis
What will be the ruling elites’ reaction in the face of the continuing crisis and loss of legitimacy, autonomy, authority and power? The ruling classes will most certainly attempt, as they have done in the past, to depoliticize the society and discourage the expression of political dissent with very serious severe sanction. As Ake points out, threatened by the crisis of legitimacy and revolutionary pressures from below, the African ruling classes would use the pretext to mobilize violence to depoliticize society, they would impose a common political creed, outlaw political organizations in opposition to their own, and discourage any acknowledgement or expression of political differences. It must be pointed out that the intensive propagation of the ideology of development during the nationalist struggle organized and focused expectations on fairly clear criteria of regime performance and the failure to fulfill these expectations bred illusions and even at times prepared peoples’ minds for induction into more radical political attitudes. So, following the logic and dynamics of crisis in Africa, what are the possible outcomes? The present state of
economic stagnation will persist for as long as the global crisis persists. That will deepen class contradictions and probably cause governmental instabilities in Africa, but not necessarily sparking off social and political revolutions in the foreseeable future. In the event of such stagnation and stalemate, the politics of anxiety will become institutionalized. And, increasingly the ruling classes will display signs of paranoia while the subordinate classes become frustrated, demoralized and available for induction into extremist movements. What then stares Africa in the face is fascism. Fascism is, nonetheless, only a stalemate which may be protracted but nevertheless transitional. Africa is thus caught up in a vicious circle from which it can never extricate herself without a fundamental socio-economic transformation. For a long time to come, Africa will be plagued by political instability, making the search for new political systems unabated and ubiquitous. In the long run, nonetheless, objective conditions are more likely to move Africa towards socialism. A discussion of the point is beyond the scope of this paper.

Food and Debt Crisis

Marx had expected European imperialism in Africa to fulfill a double mission: one destructive, the other regenerating the annihilation of old Asiatic society, and the laying the material foundations of Western society. Regretfully, that did not happen. The imposition of the international division of labour which imposed cash crop production as part of the colonial economy in order to service the industrial combines meant that the best and most fertile and accessible lands were placed under cash crop production, and without looking at the social relations that this implied, this had the effect of pushing the pastoralist communities out of these lands, or at least any access to them. This not only disturbed the ecosystems of these communities, but also exacerbated the historical contradictions between the agriculturalists and the pastoralist communities. The colonial state responded to this new situation by resorting to violence to crash the pastoralist resistance to being settled and "agricultured", a heritage which the neo-colonial state assumed on the attaining of its political independence.

But even more insidiously, the global crisis means that Africa’s export will dwindle due to the shortfall in demand, whilst her imports will become dearer. This will lead to further debt crisis. At the same time, the over-emphasis on production of ‘cash crops’ as against food crops will worsen the food insecurity situation on the continent. So the global crisis presents Africa with daunting challenges.
To return to the crisis: the financial turmoil originating in the developed world in August 2007 has since spread to developing countries, and SSA has not been immune to the secondary effects of the global financial crisis. SSA’s growth dropped from 6.9% in 2007 to 5.5% in 2008; in January 2009, the International Monetary Fund (IMF) once more cut its forecast for growth for this year by 1.6 percentage points to 3.5%. In April 2009, the IMF revised again its forecast leading to a new projection for SSA growth in 2009, equal to 1.7%. Private capital inflows to SSA were comparatively strong up to the first half of 2008, but dropped piercingly from the third quarter of 2008, owing to a reduced capability and propensity to invest on the part of foreign investors. Many bond issuance plans were put on hold in countries such as Ghana, Kenya, Tanzania and Uganda. FDI inflows continued to grow, but at a lower rate. Portfolio equity flows slowed down and sometimes reversed, consistent with sharp falls in stock markets in South Africa, Nigeria, Kenya, Mauritius and Côte d’Ivoire. The first signs of contraction of international bank lending began to emerge: banks’ total foreign claims on Zambia declined from $2908 million in June 2008 to $2607 million in September 2008, and Ghana experienced a similar drop over the same period. The economic depression therefore is affecting Africa in a fundamental way. Africa efforts at democratization are under threat. Her political, economic and social institutions are under threat. And what happens in the years to come is a matter of immense conjecture.

Conclusion

We are at this stage unable to tell if the global crisis will abate anytime soon, or if another downward spiral is in store for the global economy. In all probability the crisis will persist for a long time. The pessimistic prognosis is that the crisis will continue to disrupt the Africa’s pre-crisis vigorous march toward economic and human development. And this is likely to systematically destabilize Africa’s political economy and domestic politics. To conclude, the development experience of Africa since its incorporation into the global capitalist political economy has been exceptionally harsh, painful and demoralizing. But it has also been a crucial learning experience. Today, Africa’s political and economic stability are threatened. Democracy is at stake. And with democracy at stake the risk the return to coercive authoritarianism is also imminent. African currencies have plummeted as global credit markets dry up, mining investment is scaled back and Western countries reduce aid. The World Bank says that the global crisis will push 53 million more people into poverty and increase infant mortality rates. About
556 million people in Sub-Saharan Africa live on less than $2 a day, according to World Bank estimates. Poverty is been consolidated. And, what is required in Africa at this historical juncture is a new socio-political approach that democratizes development. Democratic development, one that does not depend on foreign trade, foreign loans, foreign technology, but one that is endogenous and and pro-poor is the road map.

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