Interrogating the contentious concepts of growth and development: Are we asking the right question?

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Interrogating the contentious concept of growth: Are we asking the right question?  
An analysis of two fast-growing African economies

ABSTRACT

Since decolonization, the developing regions of Sub-Saharan Africa have been the subject of hot debate between ‘Afro-optimists’ and ‘Afro-pessimists’: scholars, politicians, policymakers, and entrepreneurs alike who seek to define Africa in terms of its developmental success. This debate has spanned the entire political spectrum, from the neo-Marxist dependency school to the neoclassical school. The rapid spread of liberal democracy and economic growth has begotten the return of ‘Afro-optimism’ for many. ‘Growth,’ however, is a contentious concept. It is often defined narrowly along lines of GDP and GNP growth rates, which fail to capture spatial inequalities, political corruption, and the extent to which economies are controlled by foreign actors. Furthermore, ‘growth’ ignores or fails to account for political histories and colonial legacies which are at the root of many institutional and policy failures of today. Using a comparative approach, this paper is separated into two main sections: first, examining the limits to the measurement and even the concept of growth; and second, analyzing the neocolonial emphasis on ‘progress’ in development. In sum, the paper argues: ‘growth’ and ‘development’ are neocolonial terms that have little to do with improving the quality of life in Africa, and in many ways obscure the political legacies of colonialism and the neocolonial present.

INTRODUCTION

After decades of pessimism and economic doldrums, the global spotlight has returned to the developing regions of Sub-Saharan Africa. The spread of liberal democracy, evidence of strong progress towards Millennium Development Goals, and economic growth have begotten the return of ‘Afro-optimism’ for many. Certainly, economic growth is no myth in Africa, and it is indeed growth that is buttressing such optimism. Rwanda for example achieved an average GDP growth rate of 8.1% between 2001 and 2012 (The World Bank 2013), while Ghana, Mozambique, and Ethiopia are all favorable African destinations for travel and ideal business start-up locations (Chironga, et al. 2011). However, it would be a mistake to conflate economic growth with other measures of human and socioeconomic development. A critical perspective would pose some important questions regarding the contentious concept of growth. What is growth exactly—does it improve living conditions and livelihoods, and is it as pervasive as the optimists portray it to be? Or is it a red herring that distracts us from the more prevalent socioeconomic woes that still trouble these developing countries? Furthermore, perhaps growth-optimism and growth-pessimism are two sides of the same coin.

This paper analyzes the two fast-growing economies Ghana and Rwanda to better understand the long-lasting effects of colonial legacies and neocolonial institutions. Although these two countries followed different pathways to achieving economic growth, they share similar political and economic problems such as spatial disparities in growth and persistent inequality. The paper begins by expanding upon the Afro-optimism and Afro-pessimism paradigms, as well as the definitions of growth and development. It also critically analyzes which measure provides a more accurate understanding of the livelihoods in contemporary Sub-Saharan Africa (herein Africa). Next, the paper examines the political histories of Ghana and Rwanda to
show how colonial legacies have continued to hinder growth and development today. Finally, it concludes with a discussion on the relationship between economic development and neocolonialism.

GROWTH: A TALE OF THE OPTIMISTS AND THE PESSIMISTS?

The question of economic growth in Africa since the independence decades has remained a subject of intense debate. Following the withdrawal of colonial rule, the literature and commentary surrounding Africa was highly optimistic—for example, Ghana enjoyed a growth rate of 6% and a per capita national income of £70 after only three years of independence from British rule, rivaling other commonwealth developing economies such as those of Egypt or India (Huq 1989). The age of optimism was short-lived, however, as the African continent was beleaguered by emerging autocracies, state failures and collapses, extreme poverty, civil wars, stagflation, and other socioeconomic woes—legacies that were largely colonial in origin—and this precipitated the age of pessimism (Bates 1987, Fahbulle 2006).

Commentators on both sides of the political spectrum came to view the African experience as a ‘failure’ in some regard. Neo-Marxists and dependency-underdevelopment theorists understood this failure as a result of a contradiction inherent of capitalism, whereby developing ‘periphery’ nations were dependent on flows of capital and goods from the developed ‘core’ (see Wallerstein 1974; Frank 1975; Onimode 1982). In contrast, neoliberal ideology as it was informed by neoclassical economics saw the African disappointment largely as a nexus of institutional failure and bad government policy, and saw market-driven growth as the answer to the question of development (see Krueger 1990). The rise of neoliberalism in development theory1 in many ways represented a return to the core tenets of the unfashionable modernization theory, which pejoratively understood developing countries as ‘lagging behind the rest,’ and inferior to their more developed Western counterparts. Indeed, as one scholar describes it, the new neoliberal development theory was simply “a euphemism for modernization and growth at all costs that had been ‘abandoned’ in the 1970s” (K. Konadu-Agyemang 2000, 473).

Thus, we find ourselves in the twenty-first century, and it would appear as though optimism may be on the rise once more. Business scholars, neoclassical economists, and development theorists alike believe many African countries to be promising new sites for investment and start-up, especially Ghana, Rwanda, Ethiopia, and Mozambique (Bloom, et al. 1998, Chironga, et al. 2011). There is reason for these business-minded thinkers to be enthusiastic, as the aforementioned countries have all recently boasted stellar levels of economic growth and relatively2 stable states—the ideal recipe for attracting investment. Indeed, the most recent World Bank (2013) data indicates that Ghana, while facing significant fiscal deficits, still has positive long-term growth prospects. Rwanda has begun to implement, with considerable success, its “Vision 2020,” long-term development goals that look to transform the country from being a low-income agriculture-based society to a service-oriented economy (Ansoms and Rostagno 2012, Huggins 2009, The World Bank 2013).

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1 For a more specific definition of the neoliberal approach to development and the Washington Consensus, see World Bank, Accelerated development in sub-Saharan Africa: An agenda for action (1981).

2 ‘Relatively’ as compared to its unstable past. Ghana experienced several periods post-independence where it was close to state collapse (K. Konadu-Agyemang 2000).
It is important, however, to question the definition of ‘growth’ that is being employed here. The most common measure of economic growth or decline is to measure the nominal changes in a country’s gross domestic product (GDP) or gross national product (GNP) per capita (Barro and Lee 1994). Often, any growth at all is seen as positive, as it may indicate a more favourable investment climate. In many instances, a country’s ability to attract business and investment is assumed to equate to improved living conditions on the ground. Critics have made this point clear, and promoted a more encompassing or robust quantitative measure of wellbeing, for example the Human Development Index (HDI) which considers in its score, besides GDP growth, indicators such as education, health measures, and poverty measures. While more attractive than the GDP measure, HDI still necessitates a need for economic growth. Sandbrook (2000) calls this renewed faith in market liberalization as the answer to global poverty “pragmatic neoliberalism” in that it advocates for a more encompassing definition of development, but fails to question or attack power structures that entrench the protection of the privileged (1079). This particular criticism was directed at Amartya Sen’s (1999) book Development as Freedom, which calls for market liberalization, a renewed role of the state, and (ostensibly) reorienting ‘development’ to encompass human well-being rather than nominal GDP growth. Sandbrook argues Sen’s thesis was a “fine story,” but that “to abstract these attractive features from power relations by focusing on individual actors, as Sen does, offers a false promise to the poor and excluded” (1079). Indeed, the neoliberal ‘pragmatist’ definition of growth is often misleading in that it assumes expanding freedoms, including more ‘free’ markets, will lead to mass reductions in poverty and socioeconomic inequalities. However, the reality of development is not so simplistic (Sandbrook 2000).

In many ways, the HDI and GDP measurements of ‘development’ (the former in ‘human’, the latter in ‘economic’, terms) do not explain the current situation in Africa and in fact do more to obscure the story than uncover an answer. It is necessary to examine political histories to uncover the root of the political and socioeconomic injustices that are manifest in Africa. The next section will undertake this challenge, using the examples of Ghana and Rwanda to illustrate the point that contemporary imbalances of power and structural issues owe largely to a colonial history.

POLITICAL HISTORIES AND COLONIAL LEGACIES

Ghana was lauded early on for being a site of optimism, as the first African nation to declare independence from its colonial ruler in 1957. The Gold Coast was run through British indirect rule until the metropolitan power realized its weakening grasp over the region. After granting the country self-governance, the British finally ceded all power and the independent nation of Ghana was born, governed by Kwame Nkrumah’s Convention People’s Party (CPP). Ghana became an icon for the Pan Africanist movement, and a sign of encouragement for the rest of colonial Africa (Hoffman and Metzroth 2010). But peace was short-lived, as Nkrumah’s government was thrown out of power in a bloody 1966 coup d’état; indeed, Ghana would

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3 Sandbrook also notes in his analysis (2000) that what neoliberals have defined to be ‘free’ trade is one of today’s most misleading economic misnomers. For example, he shows that nearly a third of international trade takes place between corporations and trading blocks, not individual countries, and that international trade involves rules that privilege the rich, powerful nations over the poor and indebted ones.
experience many such coups and political turmoil for several decades. The political climate changed frequently between civilian and military rule, with governments characterized as increasingly autocratic, marked by nepotism and clientelism (Hoffman and Metzroth 2010). After the introduction of structural adjustment in 1983, which will be discussed at greater length later in this paper, governments in Ghana remained in office longer, a new constitution was implemented restoring multi-party political competition, and some stability ensued (Opuko 2010). Still, Ghana was no longer the ‘poster child’ for optimism that it appeared to be immediately following independence. While political stability is generally seen to be an important ingredient for economic growth, the stability of arbitrary ill-fitting colonial institutions and legacies, such as the ‘imported state,’ would prove extremely detrimental for development and progress for Ghana (Englebert 2000). As scholars have noted, British indirect rule established in Ghana a set of fragile political institutions that were not prepared for independence, and were thus bound to collapse (Grier 1999, Lange 2004, Acemoglu, Johnson and Robinson 2001).

Of course, Ghana was not the only African country to be left at a severe disadvantage following decolonization. Many if not most African nations were left with troubling postcolonial legacies to contend with (Acemoglu, Johnson and Robinson 2001). Of these, one of the most troubling for Rwanda was the question of ethnicity. It would be difficult, of course, to examine the political history of Rwanda without mentioning the civil conflict that descended into genocide at the close of the twentieth century. More important, however, is the role that colonial institutions had in precipitating the conflict. Hard ethnic lines were institutionalized during German colonial rule in the form of ethnic identity cards that were issued to all citizens. The Tutsis, a more European-resembling group, were systematically favoured in employment and education, and regarded by the colonial authorities as the ‘superior race’ (Storey 2001). In the run-up to Rwanda’s 1962 independence, the Hutus had seized power, and began inciting pogroms against the Tutsis, until nearly half the Tutsi population had been killed or displaced outside of the country. Many of those exiled helped to form the Rwandan Patriotic Front (RPF), which invaded Rwanda in 1990 (Storey 2001). The government was at this time marked, much like Ghana before it, by corruption in the form of clientelism and nepotism, especially during the rule of President Habyarimana (Uvin 1998). After Habyarimana’s suspicious death, the army and government-run militias began a massive pogrom that would see 800-850,000 killed. The conflict and its aftermath would cause serious impediments in Rwanda’s pathway to growth and development.

As Englebert (2000) notes, pathways to growth and development for African countries were stymied by contradictions between pre-colonial and post-colonial institutions. In Ghana, British indirect rule established weak institutions and infrastructures that made the nation ill-prepared for independence. In Rwanda, the postcolonial experience was one of entrenched ethnic divisions. The colonial institutions outlined above have had long-lasting impacts on the economies and livelihoods of Africa, and in the next section I analyze the effects of these legacies on growth and development.

GROWTH: DISPARITIES, INEQUALITIES, AND PERVASIVE SOCIOECONOMIC WOES

The IMF came onto the scene in Africa around 1983 with a new development paradigm. Outlined in the seminal 1981 World Bank report, the new development strategy for Bretton Woods Institutions (BWIs) operated under the assumption that domestic policies were the root of
economic underdevelopment—mismanagement of the public sector, perverse agricultural policy, and poor trade and exchange rate policies, to name a few (Opuko 2010). The BWIs proceeded to grant loans to developing nations under the strict condition that the developing country would follow economic reform measures.

Thus, the now infamous ‘structural adjustment program’ (SAP) was born. Key reform measures were designed to provide better incentive structures and aid the country in entering the world market. However, as Opoku (2010) notes, these reform measures not only had serious socioeconomic consequences, as we will observe shortly, but they also created immediate problems for the very Ghanaian entrepreneurs they were ostensibly promoting. For example, currency devaluation was introduced to encourage exports and limit imports, but the effect was that Ghanaian banks were more hesitant to give big loans needed by firms to buy dollars; additionally, businesses had greater difficulty repaying the loans, as the cedi value was declining faster than real business profit (Opuko 2010). Trade liberalization was introduced to increase the Ghanaian presence in the global economy; the effect was more competition for Ghanaian traders and a large influx of imported goods which may have “damaged an already weak industrial base” (ibid). As I noted earlier, perverse institutional development was a legacy of colonialism in Ghana, and this was especially the case as far as trade was concerned. Mercantilist trade policies of colonialism forced Ghana to specialize in its ‘comparative advantage,’ which was in primary production of cocoa, gold, and coffee. These trade infrastructures are in many cases still intact today, which means that the bulk of Ghana’s economic production is at the mercy of global market prices—when these prices fall, the Ghanaian economy would collapse (K. Konadu-Agyemang 2003). IMF policies have attempted to fix this dependency by forcing Ghana to diversify its export base, and have been in many ways successful, except for extreme intraregional and urban-rural disparities in growth that still exist (Opuko 2010, K. Konadu-Agyemang 2003). Another troubling policy has been the introduction of user fees for education and health. Since its introduction, between 67 and 75% of all women in the impoverished northern Ghana have no education at all, compared with less than 20% in the Greater Accra region. Since the introduction of adjustment, rural poverty has increased, and debt quadrupled between the years 1980-1995 (K. Konadu-Agyemang 2000). Interestingly, the IMF often championed Ghana as an example of SAP success in Africa.

In Rwanda, the IMF and WB entered into the discussion in 1980, prescribing a predictable package of economic reforms and rolling back of the state. The macro-economic adjustment policies have been attributed by some as having precipitated economic and political collapse, and furthermore, the genocide itself (see Chossudovsky 1996; Collins 1998). Others contend that IMF and WB policies helped to buttress state legitimacy, if nothing else (see Storey 2001). Since the genocide, Rwanda has pursued a pathway to growth that relies primarily on foreign aid and painting itself a favourable international reputation. This new policy is emulated in the ‘Rwanda Vision 2020,’ which encapsulates the neoliberal doctrine of ‘growth at any cost’—a counterproductive strategy to poverty reduction (Ansoms and Rostagno 2012). While GDP growth may suggest a ‘Rwandan renaissance’ for some, others note that Rwanda will most likely not reach its goal of eradicating extreme poverty by 2015, that growth is still concentrated almost entirely in the hands of the wealthy, and that Rwanda is still dependent on foreign aid (Storey 2001). Indeed, foreign aid grew by 45% from 2006-2009, with some commentators suggesting that the Rwandan government is capitalizing on the international community’s aid motivations—“genocidal guilt” and a “desire for African success stories” (Ansoms and Rostagno 2012, 429). Absolute poverty has increased by 560,000 in the past decade, with about 90% of
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this number occurring in rural regions, and inequality has risen past the ‘alarm boundary’ of the UNDP Gini index (UNDP 2011, Ansoms and Rostagno 2012). Among other troubling trends, Rwanda faces pressing issues of land and food scarcity, especially since its IMF-encouraged agro-land reform strategy. Through this strategy, the state will end all subsistence farming and create “forced commoditization of household production”—thus further disadvantaging the poor in the name of revitalizing its agricultural industry (Huggins 2009, 302).

Overall, growth in Ghana and Rwanda have come primarily through the source of foreign investment, and at the cost of socioeconomic development. The traditional neoliberal policy agenda of cost-cutting, budget-maximizing, decreased state, more market growth, all with no redistributive logic, has led to wealth concentration at the top and highly skewed developmental pathways. As outlined at the beginning of this paper, growth is championed in Ghana and Rwanda, with optimists citing real GDP growth as evidence of promising trends. But despite macroeconomic ‘success,’ the situation for many rural dwellers and other impoverished regions has remain utterly unchanged.

DISCUSSION: FROM POSTCOLONIAL LEGACIES TO NEOCOLONIAL REALITIES

The optimists of development have traditionally been those who see economic growth and the achievement of dynamic freedoms as the primary indicators of development. This approach is essentially an acceptance of the status quo; a way to justify neoliberal development strategies as the best way forward. The liberal trajectory of growth promoted by economists such as Sen, who argues for greater freedoms not only in the market but also in the lives of individuals, is in many ways inapplicable to Africa. Much of Sen’s work is devoted to expanding the concept of development beyond nominal GDP and GNP growth, as discussed earlier. However, as Ndi (2011) points out, this much-needed discussion still fails to take into account the exploitative nature of politics in Africa and religious or cultural histories that may run counter to the liberal conceptions of freedom. Indeed, achieving development in Africa “is not merely a question of capacity building, it involves resolving difficult issues of power—particularly, in class and gender relations,” issues that are either systematically ignored or overlooked in Sen’s model and more generally, the neoliberal growth doctrine (Ndi 2011, 178).

Furthermore, has Africa been capable of achieving growth and development on its own? Mkandawire (2001) maintains that the external development of Africa, and the argument that Africa is not capable of developing on its own, represents an “impossibility argument” that is empirically unsound and avoidable (306). He argues that developmental states and infrastructure have indeed existed in Africa, both in terms of objectives and economic successes. Adjustment programs, foreign aid, and similarly imposed policies form a neocolonial dependence in African countries, especially Ghana and Rwanda. Indeed, for some, ‘stunning’ growth in Africa has relied too heavily on foreign aid (Ansoms and Rostagno 2012). A body of literature has emerged that suggested IMF programs have no significant effect on poverty reduction (Hajro and Joyce 2009). Ghana’s Nkrumah, who was one of the first to popularize the term ‘neocolonialism,’ argued (1965) that granted independence and aid for development were simply imperialist guises for continued domination. Chang (2002) argues that developed states, while claiming to be promoting ‘good policies’ for development of the periphery, are actually making it more difficult for the periphery to use the very policies and institutions that developed states used to industrialize—they are “kicking away the ladder”. Ferguson (1994) argues that development programs in the Global South are machines that help to reinforce and expand state bureaucratic
power, using ‘poverty’ as the convenient justification and recasting political questions of resources and land distribution as technical problems—what he calls on the whole an “anti-politics machine”. Earlier in this paper, I argued that growth exists in Africa, but such growth is uneven in distribution. From this literature, we can extend this argument to suggest that the unevenness of growth extends not only from a colonial past, but also a neocolonial present.

CONCLUDING REMARKS: TOWARDS A POSTCOLONIAL MENTALITY

Growth is not necessarily bad in and of itself. In capitalist, late-industrializing countries (LICs), economic growth is, for many, a precursor to economic development (H.-J. Chang 2003, Amsden 1979). This paper has attempted to outline the contentions of growth, and how most measures of growth and development perpetuate either the ‘Afro-Pessimism’ or the ‘Afro-Optimism’ myth, neither of which are helpful to Africans on the ground and furthermore are often borne from a neocolonial mentality—a relentless need to ‘develop the rest’. So, we have arrived at the conclusion that incredible growth cannot hide the prevalence of extreme and pervasive poverty. But to push this argument further, and to combat the very neocolonialism lamented in this paper, it is necessary to shift our focus away from ‘development indicators’ and more towards a more robust understanding of Africa, replete with a firm qualitative grasp of political histories and lived experiences. Ferguson argues that “[a]ny question of the form “What is to be done?” demands first of all an answer to the question “By whom?”(1994, 180). Indeed, by focusing our efforts on combating imperialism and neocolonialism here in the ‘West’, we are making strong progress towards this more robust understanding.

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