

ON “THE TRANSITION TO MARKET ECONOMY AND THE TRANSITION OF MARKET ECONOMY” IN AFRICA

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How do the people of a later generation at the end of the 21st century think about life and times at the end of the 20th century? Even though the people who are living at the end of the 20th century can interpret the history between the end of the 19th century and the beginning of this century in a calm manner, it is doubtful whether they can interpret the phenomena peculiar to this contemporary period in the same manner.

In the World today, most people can agree on the point that the meaning of the market economy must be reinterpreted once again. Only a few years ago, people discussed “capitalism versus socialism” or “Transition from Capitalism to Socialism” as a self-evident premise. However, today, developments right before our eyes are “recapitalization” or “emergence of the socialistic market economy” and “structural adjustment” of capitalistic market economy with enlarged government related sectors. Thus, the two phenomena of “transition to market economy” and “transition of market economy” must be recognized as proceeding at the same time globally.

“Transition to market economy” seems to have two meanings. One is the transition of global market economic relations and the other is the structural change within specific market economies. It means the period of this moment is transition from the era when both global market economic relations and specific market economies are doubtlessly heading to the era in which organization within specific market economies as well as the mutual relations among each market economy should be reexamined.

On the other hand, whether “transition to market economy” involves the collapse of socialism or coexistence with it, it shows the way formerly socialism has to take. But, considering on the simultaneously ongoing fluctuations of the relations among capitalist market economies or fluctuations within each market economy it is not clear to decide what sort of form such “market economy” as formerly non-market economies are going to take.

It seems that here develops a “moving of the center” of the global market economic relations. Even though the former Center is under the self-image that it remains in its position, it is inevitable that the relations among several factors can

change, when no one believes it is the center and they seek another one. Still, the problem we have to challenge now is the View Shift to the Moving the Center Hypothesis. “Transition to market economy” and “transition of market economy” in Africa also must be considered in this context.

African countries had to advocate either “socialism” or “capitalism” in accordance with either camps of their economic and political supporters, because they had to be independent within the Cold War system under the conflict of the west and the east. However, the economic system in reality is the “mixed economy” in which the government displayed powerful initiative. Why did the governments have to play a constructive role? Because after independence African countries which had experienced the colonial rule had to hurry the “indigenization” of their economies and in addition the governments themselves had to act positively as entrepreneurs owing to the lack of able businessmen.

In the end of 1970s, it comes to be clear that both African governments and the “parastatals” promoted by them become inefficient and fiscal burden enlarged and budget definance became constant. Then, in the 1980s, it comes to be thought that excessive government interventions to the economic activities are the roots of crisis in Africa, and both IMF and World Bank have a stance which does not approve financing to African countries without introducing “structural adjustment”. In this way, until today in Africa, heated argument on whether or not introduction of the structural adjustment is continued among different levels of government, business world, intelligents, laborers and workers. And the introduction of “structural adjustment” inevitably includes the problems of “transition to market economy” and “transition of market economy”.

Ikiara discussed on “structural adjustment” and points out its related issues in Sub-Saharan Africa, based on such country studies as Ghana, Gambia, Kenya and Tanzania. Firstly, the causes of economic crisis in modern Africa exist in its internal structure and there is no way out except for economic restructuring. Secondly, economic restructuring indicates the transition from state controlled economy to free market economy. Thirdly, the restructuring makes little progress because it is thought that structural adjustment is forced from external agents towards African countries and is thought it invades their autonomy. In addition it is difficult to testify the impact of economic reforms to the human aspects, specifically to the poor. Fourthly, although African countries need donors resources form outside to push forward structural adjustment, it is of critical importance to consider seriously how to move domestic resources under the initiative of African countries themselves.

Ikiara thinks that the causes of contemporary economic crisis in Africa are placed internally and their struggle in resolving their own problems by themselves is

threatened by the external “structural adjustment”. His points may be taken up more seriously. And as it is thought in his paper that crisis in Africa is determined by her relations with non-African world, it might be discussed more the way how African countries are going to reorganize the contemporary framework of relations from now.

On the contrary, Cliffe proposed the following issues. Firstly, it is necessary to discuss “structural adjustment” in African countries not only by comparing with the state of affairs in Latin America and Europe but also from global point of view. Secondly, differently from Ikiara’s paper, such issues as how effective the pressure from outside is in carrying out both “economic and political reform” in African countries are raised. There is no way towards development in Africa without economic and political reforms. In the 1980s, the terms which are shown in the prescription for economic reforms by the international financial organizations are “liberalization” and “privatization”. However, since IMF and World Bank began to think it is essential to intervene politically to African countries in order to implement “structural adjustment” since 1989, such terms which means the intervention process to political systems through “aid conditionalities” as “democratization” and “good governance” appeared.

There also came out the issues on how the role of the state should be assessed in economies. At least emphasis in recent discussions on this point transfers from “redress of market failure by the state”, through experience of “state failure”, to “attach to the role of the market”.

To be added, considering the issues on “transition to market economy” and “transition of market economy”, Cliffe notifies the different starting points of each African country like this. Firstly, socialist countries in which the control tower of economy is nationalized: Mozambique, Tanzania, Zambia; secondly, capitalist countries in which central government has supreme power: Kenya, Malawi, Ivory Coast; thirdly, the countries which succeeded in partly industrialization under the state-owned enterprises and recently are under the international pressure of privatization: Zimbabwe, South Africa. Therefore, “redefinition of the role of the state” and “foundation of specific private organizations” must be discussed in particular based on the different aspects above mentioned. Moreover, as the specific classes and social groups are differently influenced by the structural adjustment, such issues as the delay of privatization implementation, conditions of market dominations, and the results of privatization should be fully considered on the basis of the analysis of sectors in Southern African region like mining, basic industries, agricultural marketing and banking, for example.

In the next, problems on whether “economic liberalization” and “political democratization” are mutually exclusive or complementary, and whether the former

is preferable to the latter or the other way round must be discussed. As Cliffe admits, it seems to be certain that the discussion in which economic development is the preposition of democratization comes behind the recent discussion in which democratization is the premise to market reform and economic growth.

Nevertheless, it seems to be paradoxical that on the one hand IMF and World Bank which assume responsibility in implementation of “structural adjustment” insist on the introduction of market economy, deregulation and reduction of state intervention, and on the other, they proceed to regulate and intervene to other countries influentially under the name of political reforms. To be added, it is doubtful whether the “structural adjustment” model which was invented on the sole base on the historical experience in Europe and America has general validity to various African countries or not. Today everyone knows that no pure market economy can exist on the earth and few countries succeeded in becoming market economies in historical perspective. Thus it may be dangerous that such model on the basis of least experience of few successful countries is applied to demonstrate the way which African countries should follow.

In this regard, it is of critical importance to examine the development models which African countries are based on. For instance, it has been often discussed whether experiences in East Asian countries which increased per capita GDP substantially in 1980s, with marked difference from the Lost Decade for African development, are valid to the development in African countries or not. Needless to say, it is not thought that the East Asian model itself can contribute to Africa exactly as it is.

Nevertheless, the East Asian model is doubtful, because the East Asia Miracle Analysis by World Bank is based on two assumptions. (1) It is thought that East Asia economies which show high performance are imitated as real success models by which other developing countries can materialize. (2) Key factors of economic success are considered in terms of market oriented approach which is suggested as structural adjustment project by the World Bank.

However, these suppositions are no more than “virtual realities” invented by the World Bank. Deep cause of this problem is deeply embedded in the attitude of bureaucrats in the World Bank, who put into force SAP, accept this virtual reality without any criticism. It is striking that an analysis by the World Bank is controlled under the rule of (1) the supremacy of economics in development studies, (2) the predominance of academic discourse over experience on the actual spot, and (3) the persistence in Anglo-American centric view.

In this regard, Horie’s discussion is very interesting. According to Horie’s point of view, economic development in African countries fundamentally depends on political leadership, popular understanding and support of donor countries.

However, contrary to the thought that the “invisible hand” of market economy automatically brings sustainable development to African countries as the reports of IMF and World Bank indicate, he emphasizes constant input of foreign capital is essential. Therefore, he discusses that Japan’s policy toward African countries is more characterized in continuous efforts in “silent diplomacy” and “friendly persuasion” by evaluating “self-help efforts” by subsidized countries than straightforward intervention in the political process.

Moreover, Horie stresses the good performance of “structural adjustment” in the 1990s on the basis of his two year staying in Kenya and Tanzania. Similarly to Ikiara and Cliffe, understandably, Horie identifies economic reform with market economy and liberalization (privatization) and he also identifies political reform with the introduction of a multi-party system and democratization. Even though these prescriptions are forced from external donors and the implementation of them brings some difficulties to African government, it is judged in this presentation that they unfailingly become essential factors in the process of African political economies. In addition, he is afraid in certain aspects “structural adjustment” will pass difficulties on to the poor and “democratization” might cause clashes among different ethnic groups and the introduction of multi-party system might bring out political instability.

Therefore, Japanese development assistance policy must be based on the ascertaining of the political and economic situations in the post cold war Africa in general and in the post-apartheid Southern Africa in particular, the critical examination of hitherto Japanese development policy to the region, and the theoretical criticism to the structural adjustment project by IMF and WB. After the end of the cold war, talks and talks on the framework of a new era of peace and security are unfolded. It is unfailingly thought that an assistance to democratization is the essential condition as far as the proposition that “the war does not break out among democratic states” has its validity. The international society tends to move towards the making of a new network of experts beyond the national boundaries and national interests and also the consortium type of joint management of international order which is enable to become inner motivated organization.

To date relation of interdependence is ineradicable in every sphere on earth, and peace and prosperity in this world is the life line for Japanese survival. Japan, as the power which is influential to global economic and political relations, not only has to make a step forward to and positively take part in construction on the international framework through cooperation with EU and USA. But also Japan has to contribute to offer an appropriate position and role to emerging states which will, in the future, be expected to take an important role in the global political economy.

Viewed in this light, it should be appraised that in the Japanese Charter of

Official Development Assistance, the government showed the constructive stance towards democratization, structural adjustment project, environmental assistance and international contribution in Africa. However, as far as Southern African region is concerned, it is often pointed out that Japanese policy is not clear on such issues as: (1) persuasive reasoning of Southern African policy to both international and domestic society; (2) concrete strategy to the democratization and the transition to the market economy in South Africa; (3) assistance strategy of not bilateral but regional level or assistance toward regional organizations; (4) strengthening the logistics sector which enforces development assistance to Southern Africa. To be added, it is a pressing need to examine and construct the information collecting and disseminating systems within both Japan and Africa.

The “Bandung Framework” which purposes to construct cooperation of Asia and Africa in the 21st century is of great help to design the future cooperation between Africa and Asia in general and Southern Africa and East Asia in particular. Japanese development assistance policy toward Africa has a significant meaning not only to open the new century in cooperation of Africa and Asia but also to extend this development to the Southern hemisphere economy.

Let me finally add this. The European world seems to have always thought that it has remained in a position where it brought “civilizing mission” or “blessings of civilization” to the non-European world for five hundred years since the “discovery” of the new world until the age of “structural adjustment” in the end of this century. Non-European world has been always evaluated in terms of European value judgement. For instance, it suffices to put such terms as “civility”, “governability” and “sustainability”. However, today, “Asian Renaissance” in this century tells us that the era of “the ethics of civilizing mission and the spirit of bashing the Non-European world” is almost coming to end and it is of critical importance for the people in Africa and Asia to ponder seriously a “view shift” toward the dawn of the 21st century.