



**Report of the Third Annual Guy Mhone Conference
Organised by
the Council for the Development of Social Science Research in Africa (CODESRIA)
at the Movenpick Royal Palm Hotel,
Dar Es Salaam, Tanzania, December 20-22, 2010**

BACKGROUND

In his welcome address to participants, the Executive Secretary of CODESRIA, Dr. Ebrima Sall, said that the Guy Mhone conference has become an annual event organised by CODESRIA to commemorate the legacies of Professor Guy Mhone, who passed away on March 1, 2005, in Pretoria, South Africa after a brief illness. Dr. Sall paid glowing tributes to Mhone for his doggedness and commitment to promoting and sustaining a relevant social science tradition that advances socio-economic development in Africa. He extolled Mhone's virtues as a distinguished scholar who focused on issues that were central to African political economies: poverty, inequality and deprivation. Professor Mhone, according to Dr Sall, perceived capitalism as "racial capitalism," which explains why he was very interested in the economics of discrimination. Mhone believed that the struggles against poverty, inequality and injustice must be predicated on a very rigorous economic analysis, not on polemics, emotions or sentiments.

Highlighting the significance of the theme of the conference, *The Renaissance of African Economies*, Dr Sall argued that the global economic crisis and its aftermath have provided a rare opportunity for African scholars to reflect on economic orthodoxies and received theories, and come up with alternative paradigms for African socio-economic development. While noting that there are several economic, political and institutional constraints that African countries must address in order to revive their economies, he identified *governance* as one of the most salient constraints. He drew attention to a recent Rand Report on governance in Africa, which suggests that bad governance has prevented many African countries from harnessing their abundant resources for sustained socio-economic development. Dr Sall also noted that the Democratic Republic of Congo has all the resources needed to significantly reduce poverty in that country, but has been unable to do so due to ineffective governance and other institutional constraints such as violent conflicts, break-down of law and order, lack of well-defined property rights and the absence of the rule of law. He expressed delight, however, that Cape Verde has become a successful middle-income country mainly because of its good governance and effective management of the economy.

Dr. Sall urged the conference participants to eschew “monolithism” in their discussions, and insisted that the debates must be “open” and “candid.” Noting that “we can’t agree on one policy option,” he concluded that the best approach would be for African scholars to “develop parameters for exploring options.” In his own remarks, Dr. Carlos Cardoso, CODESRIA’s Head of Research Programme, expressed CODESRIA’s determination to encourage scholars from lusophone countries to participate in CODESRIA’S activities. He observed that, due to language barrier, scholars from these countries have been unable to participate in CODESRIA’s conferences. According to Dr. Cardoso, it would be very insightful to learn how Lusophone countries such as Angola and Cape Verde succeeded in overcoming difficult economic conditions. He concurred with Dr. Sall’s observation that good governance played a significant role in these countries’ economic revival.

Several participants spoke at the opening ceremonies, including the Chairperson of the occasion, Professor Issa Shivji, professor of law at the University of Dar Es Salaam and a founding father of CODESRIA, whom Dr. Sall described as one of the “pillars of CODESRIA.” A contemporary of Guy Mhone, Professor Shivji described the late Mhone as a “very committed and consistent African scholar, who focused on how genuine development can be brought to Africa.” Professor Shivji noted that, while other scholars subscribed to orthodox views of African economic development, Mhone refused to compromise his principles of standing on the side of poor and vulnerable Africans. He commended CODESRIA for immortalizing the name of an intellectual giant who gave so much of his time and energy to ensure that social science in Africa remained vibrant and relevant for African socio-economic development. Professor Shivji also used the opportunity to highlight the critical role played by CODESRIA in promoting social science research in Africa since its establishment. CODESRIA, he said, is one of the few research centres in Africa that have survived numerous challenges. He implored CODESRIA’s management team to continue with its excellent work of promoting and sustaining a vibrant and relevant social science in Africa.

While reflecting on the global economic crisis, Professor Shivji noted that neoliberalism “committed suicide in 2008.” According to him, it was ironic that a country like Greece is now a periphery of other European countries such as France, Germany and Britain. He urged African scholars to undertake “a deep analysis of the 25 years of neoliberal economics, during which imperialism took the offensive.” To come up with better alternatives, he argued that “we need to refine our methodologies to understand what is going on. Perceiving pan-Africanism as a catalyst for intellectual thought, Professor Shivji believed that there should be a pan-Africanist dimension to alternative development strategies in Africa. To this end, he plans to organize a conference on pan-Africanism this year at the University of Dar Es Salaam, and urged African scholars to attend, regardless of whether they received a formal invitation. Now that imperialism is on the defensive, “Africans must put their own agenda on the table,” he concluded.

Another dignitary that spoke during the opening ceremonies was the Vice-Chancellor of the University of Dar es Salaam, Professor Rwekaza S. Mukandala, who congratulated CODESRIA for organizing the conference. He regretted that, 50 years after independence, poverty is still a major problem in most African countries. He lamented a

situation whereby many rural dwellers are still unable to have unfettered access to quality education, decent clothing and good healthcare. Considering that many Africans are angry about their economic predicament, Professor urged the participants to be creative in their discussions on poverty alleviation and Africa's economic revival.

THE ISSUES

The Dar conference provided a platform for an interdisciplinary group of African researchers, policy makers, NGOs and the media to reflect on the revival of African economies. The conference was convened because of the need for debates, dialogues and discussions in order to chart a new path for sustainable development and poverty alleviation in Africa. During the two-day conference, several participants from many countries in Africa and North America brainstormed on the salient issues facing African countries. The issues discussed can be framed around the following themes:

Institutions and African Economic Development: Participants discussed the various mechanisms by which institutional reform can be instrumental for the revival of African economies. There was a consensus that institutional constraints such as corruption, weak governance, lack of democracy and accountability, continue to be major challenges for African economic development. While noting that some African countries have made significant gains in improving the quality of their institutions and governance, the pace of institutional reform remains slow in many African countries. Growth and economic revival will, therefore, require a sustained improvement in the quality of African institutions, particularly in the areas of governance, corruption and accountability. It was noted that countries such as Botswana, Cape Verde, Morocco, Mauritius, South Africa, Rwanda, Mozambique, Malawi, and Tanzania have used good macroeconomic policy and governance to either promote growth or prevent their economies from degenerating to levels experienced by other countries.¹ Implementing good macroeconomic policies in Africa will require abandoning many of the policies that used to be the hallmark of many African countries, including unsystematic and open-ended protection of very inefficient enterprises, over-valued exchange rates, price controls, excessive growth in the money supply and crony capitalism.

Given the amorphous nature of the concept of institutions, participants agreed that it was imperative to unpack the concept of institutions. Specifically, it is important for scholars to unambiguously conceptualize the notion of institutions: what do we mean by institutions in the African context? Which institutions are more salient for Africa's economic revival? Does it make more sense to prioritize institutional reform in Africa, rather than reforming *all* facets of African institutions? Are formal institutions more

¹ These countries have succeeded in avoiding "anti-growth syndromes" that are prevalent in many African countries. Rwanda's economic reform has been spectacular, moving the country from 143rd to 67th position in World Bank's 2010 Doing Business Index. As a result of the country's sweeping economic and institutional reform, it grew by 11.2 per cent in 2008. Wages in key export sectors have also risen by more than 20 per cent for the past eight years. Rwanda has reduced the proportion of its budget that is funded by foreign aid by almost 50 per cent (*New York Times*, 3 November, 2009, p.31).

important that informal institutions? Are there aspects of Western institutions that may be inimical to Africa's economic revival? What role should the state play in the process of economic development, especially in the post-crisis era when the role of unregulated market forces has become questionable? Without a careful conceptualization of the notion of institutions, it is very unlikely that African countries can reform their institutions in ways that promote sustainable development.

The Global Financial Crisis and the Revival of African Economies: Participants discussed the opportunities presented by the global financial crisis for reviving African economies. Noting that the crisis has raised questions about the efficacy of the market, participants discussed the need for African countries to come up with new models and innovative thinking about how to promote sustainable development in Africa. The global financial crisis has created space for African social scientists to propose Afro-centric economic models that reflect the specificity, realities and aspirations of African countries. A central issue discussed at the conference was the impact of the crisis on African economies, and how various countries responded to the crisis. East African countries were noted to have weathered the economic storm better than other regions. One major lesson from the crisis is the need for a higher volume of intra-African trade, as trade between Africa and the rest of the world tends to expose African economies to shocks and volatility in global economic conditions. The minimal impact of the crisis on many African countries was attributed to Africa's weak integration into the global financial architecture, which implies that African countries must develop economic and financial systems that are resilient to global financial meltdowns. More importantly, the notion of "delinking," which was the central basis of dependency theory in the 1960s and 1970s, needs to be revisited to assess its relevance to Africa's renaissance and economic revival.

Industrial Policy and African Economic Renaissance: It was noted that most African countries still rely on the production and export of primary commodities and minerals, which makes them vulnerable to shocks in the global economy. There also was a consensus that renaissance and economic revival in Africa are impossible without a structural transformation that is based on industrial deepening. Industrial deepening was perceived not just in terms of developing the capacities of African countries to produce and export manufactured goods, but also the strengthening of creative industries such as movies, music, entertainment, tourism, and services. These creative industries are already showing promises in some African countries, and they need to be nurtured to help revive African economies as well as reduce their dependence on primary and mineral products. Participants also noted that the promotion of intra-African trade can help accelerate industrial development in Africa. It was observed that Africa has the capacity to industrialize, given the recent experiences of some African countries that have succeeded in diversifying their economies by exporting manufactured and high-tech products. However, various policies were identified as important for Africa's industrial development, including economic and institutional reforms; a carefully planned process of trade liberalization; gradual, but not abrupt, exposure of African firms to international competition; investment in skills and technology, as well as the creation of a conducive environment for private investment. To promote Africa's industrial development, constraints such as small market size, lack of infrastructure, lack of access to modern

technologies, and institutional quality must be addressed.

China and the Prospects of Reviving African Economies: China's role as Africa's major economic partner was discussed at the conference. While participants agreed that China is Africa's "strategic partner," opinions about the impact of China on African economies were mixed. Trade between Africa and China has grown tremendously, from less than \$10 million in the 1980s to more than \$100 billion in 2008. Concerns were expressed, however, that this trade reflects the old colonial patterns of trade, whereby Africa supplied raw materials in exchange for manufactured goods. As is typically the case in this type of trade relations, the terms of trade are usually unfavorable to Africa –prices of commodities tend to be lower than those of manufactured goods. Some participants also worried that the export of cheap consumer goods to Africa makes it difficult for local firms to compete, and may well result in de-industrialization, slow growth and job losses. Additionally, China's unprecedented growth may divert foreign investment from Africa to China. A number of participants cited anecdotal evidence that suggests that foreign investors in Africa have relocated their operations to China, but the magnitude of this exodus is unclear.

It was also observed that China's aid to Africa, especially for infrastructural development, is designed to benefit China rather than Africa. But all agreed that Africa should be proactive in shaping its relationship with China, as this would help in maximizing its benefits from the partnership. Ultimately, Africa will have to be responsible for its own economic revival and development, with valuable assistance from its development partners. In other words, Africa should set its own development agenda.

RECOMMENDATIONS FOR REVIVING AFRICAN ECONOMIES

Participants as a *group* did not explicitly propose policy measures for reviving African economies, but the following conclusions crystallized from the conference papers and discussions:

1. Africa should seize the opportunity created by the global financial crisis to articulate a development philosophy, goals and strategies that promote sustainable development in the region. Since the effectiveness of dominant economic orthodoxies has become questionable as a result of the global economic crisis, a conducive atmosphere has been created for new economic perspectives to flourish. While debates, dialogues and discussions are needed to chart a new path for African economic revival, those discussions must be creative and innovative. They must not be undertaken within the framework of economic orthodoxy that has been of marginal help in Africa's quest for renaissance and economic revival.

2. African countries should continue to improve and consolidate gains in institutional reforms, particularly with regard to governance, leadership, accountability, transparency and economic/political freedom. Although the notion of an African Peer Review Mechanism (APRM) is important for good governance and economic development in Africa, the APRM should be modified to focus less on forms and processes, but more on

contents and outcomes. Africa's abundant natural and human resources will be largely wasted without the existence of an institutional framework that allows their efficient use for promoting sustainable growth and poverty alleviation.

3. Africa's economic revival requires structural transformation that not only diversifies African economies, but also develops the capacities of African countries to produce and export manufactured goods. Apart from enabling African countries to deepen their technological and innovative capabilities, structural transformation would have the effect of reducing the continent's vulnerability to shocks in the global economy. The success of some African countries in achieving high growth rates, industrial development and poverty alleviation suggests that other African countries also have the capacity to succeed, as long as they implement appropriate economic and institutional reforms.

4. The market is not infallible and sacrosanct, nor can it substitute for the state. Noting that a healthy private-public sector relationship is essential for development, participants believed that African countries should not rely entirely on the market in the process of allocating scarce resources. In particular, African countries need to re-evaluate their structural adjustment programmes, for the purpose of making them more people-oriented and less prone to socio-political crises. Specifically, adjustment programs must be complemented by explicit policies for ensuring that vulnerable and impoverished Africans have access to the basic needs of life, including education, healthcare decent shelter and food.

5. The state has a very important role to play in African economic development. However, the role of the state in the development process should be re-examined. A precondition for renaissance and economic revival in Africa is that the character of the state must change from being a crony capitalist state that serves the interests of African political elites, to that of a state that serves the interests of the entire country. The state in many African countries has demonstrated a weak capacity to lead Africa's development process, and has tended to serve the interests of a few dominant international and local capitalists, at the expense of the vast majority of Africans who aspire for opportunities to develop their capabilities. The state must, therefore, shift from patrimonialism and predatory behavior, to becoming a genuine developmental state that facilitates the development process, while the private sector plays a leading role.

SUGGESTIONS FOR FUTURE RESEARCH

Participants overwhelmingly commended CODESRIA for successfully organizing the conference, as well as focusing on a very relevant theme. They urged CODESRIA to keep the momentum going by establishing a research programme that focuses on alternative development strategies in Africa during the post-global economic crisis era. Such a programme must necessarily be multidisciplinary, bringing together some of Africa's innovative and original thinkers. Within this research programme, efforts should be made to learn more about how some African countries succeeded in minimizing the impact of the global economic crisis. This information will enable scholars to theorize about what needs to be done in the future to shield African countries from shocks and

volatility in the global economy. The research programme should subsequently culminate in new post-crisis development strategies in Africa.

CLOSING CEREMONY

In a very moving ceremony, CODESRIA Executive Secretary, Dr. Ebrima Sall, thanked Guy's widow, Dr. Yvonne Mhone, for honouring CODESRIA's invitation to attend the conference. He said that the annual conference is an appropriate way to honor a man who not only supported CODESRIA, but also contributed immensely to the development of social science research in Africa. The annual conference, according to Dr. Sall, will ensure that Guy Mhone "will not die" and that his legacies will continue to be sustained by the younger generation of African social scientists.

Dr. Yvonne Mhone thanked CODESRIA and the conference participants for honoring her husband. She was visibly moved by the encomiums from several of the conference participants. She recounted how her husband was very fond of CODESRIA and often came home from its meetings very excited, energized, and optimistic about the future of social sciences in Africa. Mrs Mhone also shared with the audience some of Guy's lesser known traits. He was very fond of poetry and jazz music, and sometimes expressed his thoughts on African economic problems in poetry. He was also an accomplished saxophonist, with a heavy influence by John Coltrane and Ornette Coleman. Dr. Yvonne Mhone has recently found a stack of Guy's unpublished poetry, and she is exploring appropriate ways of disseminating those writings as part of efforts to immortalize Guy's name. She said that her husband would be very delighted to see all the people gathered in his name at the conference, where several development problems that were close to Guy's heart were discussed. Various speakers spoke glowingly about Guy's indelible contributions to social science scholarship in Africa, and urged CODESRIA to continue with its excellent and noble role in sustaining Guy's intellectual legacies.