NATIONAL OPEN UNIVERSITY OF NIGERIA

FACULTY OF SOCIAL SCIENCES

COURSE CODE: POL223

3 CREDIT UNITS

COURSE TITLE:FOUNDATIONS OF POLITICAL ECONOMY

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COURSE DESCRIPTION

POL 223: Foundations of Political Economy (3 Credit Units)

Political economy is an interesting field of study in the social sciences. It dates back to the works of influential thinkers from the 17th and the 19th centuries that were concerned with the workings of the capitalist system. It is plausible to call those thinkers philosophers or political economists. In the contemporary world system, political economy has become multidisciplinary in nature that covers issues of wealth and power; hence it is at the intersections of politics, economics and other disciplines such as international relations, sociology among others This course therefore examines the basic concepts in political economy, meaning, nature and scope of political economy; perspectives in political economy; analysis of modes of production; primitive accumulation of capital; globalization; and the political economy of Nigeria.

CONTENTS **PAGE**

Introduction ……..... 6
Course Aim and Objectives …… 6
Working through the Course ……..... 6
Course Materials ……..... 7
Study Units ……..... 7
Textbooks and References ……..... 8
Assessment Exercises ……..... 8
Tutor-Marked Assignment ……..... 8
Final Examination and Grading ……..... 9
Course Marking Scheme ……..... 9
Course Overview/Presentation ……..... 9
What you will Need in this Course ……..... 10
Tutors and Tutorials ……..... 10
Assessment Exercises..... 11
How to Get the Most from This Course ……..... 12
Conclusion ……..... 14
Summary ……..... 14

INTRODUCTION

POL223Foundations of Political Economy is a one semester course in the second year of B.Sc. (Hons.) Degree in Political Science. It is a three unit credit course designed to enable you have a bird's eye view of the salient issues in Political Economy. The course begins with a brief introductory module, which will help you to have a good understanding of the issues at stake in the study of political economy. Such issues include; nexus between economics and politics; perspectives in political economy; analysis of modes of production; primitive accumulation of capital; globalization; and the political economy of Nigeria. The study units are structured into modules. Each module is structured into 5 units. A unit guide comprises of instructional material. It gives you a brief of the course content, course guidelines and suggestions and steps to take while studying. You can also find self-assessment exercises for your study.

COURSE AIM AND OBJECTIVES

The primary aim of this course is to provide students of political science with a comprehensive knowledge of Political Economy. However, the course specific objectives include enabling you to:

i. have a working knowledge of political economy by understanding the nexus between politics and economics;
ii. understand the perspectives in political economy notably liberalism, Marxism and neo Marxism;
iii. analyse the modes of production such as primitive communal, slave owing, feudal, capitalist and communist modes of production;
iv. appraise primitive accumulation of capital in the light of the Marxists discourse;
v. examine the political economy of Nigeria

The specific objectives of each study unit can be found at the beginning and you can make references to it while studying. It is necessary and helpful for you to check at the end of the unit, if your progress is consistent with the stated objectives and if you can conveniently answer the self-assessment exercises. The overall objectives of the course will be achieved, if you diligently study and complete all the units in this course.

WORKING THROUGH THE COURSE

To complete the course, you are required to read the study units and other related materials. You will also need to undertake practical exercises for which you need a pen, a note-book and other materials that will be listed in this guide. The exercises are to aid you in understanding the concepts being presented. At the end of each unit, you will be required to submit written assignment for assessment purposes.

At the end of the course, you will be expected to write a final examination.

THE COURSE MATERIAL

In this course, as in all other courses, the major components you will find are as follows:

1. Course Guide
2. Study Units
3. Textbooks
4. Assignments

STUDY UNITS

There are 25 study units in this course. They are:

MODULE 1: The Basics of Political Economy

Unit 1 Understanding the Subject Matter of Political Economy
Unit 2 Nature and Scope of Political Economy
Unit 3 Perspectives in Political Economy
Unit 4 Basic Concepts in Political Economy
Unit 5 Primitive Accumulation of Capital

MODULE 2: Analysis of the Modes of Production

Unit 1 Primitive Communalism
Unit 2 Slave Owning Mode of Production
Unit 3 Feudalism
Unit 4 Capitalism
Unit 5 Socialist Mode of Production

MODULE 3: Development and Underdevelopment Debate

Unit 1 Understanding the Concept of Development
Unit 2 Modernisation Perspective on Development
Unit 3 Dependency Perspective on Development
Unit 4 Paul Baran's Analysis of Economic Backwardness and Economic Growth
Unit 5 Andre Gunder Frank's Analysis of Development of Underdevelopment and Samir Amin theory of Unequal Development

MODULE 4: Global Trends that Shape Modern Political Economy

Unit 1 Imperialism
Unit 2 Colonialism and Neo-Colonialism
Unit 3 Globalisation
Unit 4 Multinational Corporations

Unit 5 Bretton Woods System

MODULE 5: The Political Economy of Nigeria

Unit 1 Oil Dependent Economy

Unit 2 State and Resource Management

Unit 3 Question of Development

Unit 4 Political Economy of Insecurity

Unit 5 Political Economy of Elections

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As you can observe, the course begins with the basics and expands into a more elaborate, complex and detailed form. All you need to do is to follow the instructions as provided in each unit. In addition, some self-assessment exercises have been provided with which you can test your progress with the text and determine if your study is fulfilling the stated objectives. Tutor-marked assignments have also been provided to aid your study. All these will assist you to be able to fully grasp knowledge of foundations of political economy.

TEXTBOOKS AND REFERENCES

At the end of each unit, you will find a list of relevant reference materials which you may yourself wish to consult as the need arises, even though I have made efforts to provide you with the most important information you need to pass this course. However, I would encourage you, as a second year student to cultivate the habit of consulting as many relevant materials as you are able to within the time available to you. In particular, be sure to consult whatever material you are advised to consult before attempting any exercise.

ASSESSMENT

Two types of assessment are involved in the course: the Self-Assessment Exercises (SAEs), and the Tutor-Marked Assessment (TMA) questions. Your answers to the SAEs are not meant to be submitted, but they are also important since they give you an opportunity to assess your own understanding of the course content. Tutor-Marked Assignments (TMAs) on the other hand are to be carefully answered and kept in your assignment file for submission and marking. This will count for 30% of your total score in the course.

TUTOR-MARKED ASSIGNMENT

At the end of each unit, you will find tutor-marked assignments. There is an average of two tutor-marked assignments per unit. This will allow you to engage the course as robustly as possible. You need to submit at least four assignments of which the three with the highest marks will be recorded as part of your total course grade. This will account for 10 percent each, making a total of 30 percent. When you complete your assignments, send them including your form to your tutor for formal assessment on or before the deadline.

Self-assessment exercises are also provided in each unit. The exercises should help you to evaluate your understanding of the material so far.
These are not to be submitted. You will find all answers to these within the units they are intended for.

FINAL EXAMINATION AND GRADING

There will be a final examination at the end of the course. The examination carries a total of 70%(per cent) of the total course grade. The examination will reflect the contents of what you have learnt and the self-assessments and tutor-marked assignments. You therefore need to revise your course materials beforehand.

COURSE MARKING SCHEME

The following table sets out how the actual course marking is broken down.

ASSESSMENT	**MARKS**
Four assignments (the best four of all the assignments submitted for marking)	Four assignments, each marked out of 10%, but highest scoring three selected, thus totaling 30%
Final Examination	70% of overall course score
Total	**100% of course score**

COURSE OVERVIEW PRESENTATION SCHEME

Units	**Title of Work**	**Week Activity**	**Assignment (End-of-Unit)**
Course Guide	**Foundations of Political Economy**		
Module 1	**The Basics of Political Economy**		
Unit 1	Understanding the Subject Matter of Political Economy	Week 1	Assignment 1
Unit 2	Nature and Scope of Political Economy	Week 2	Assignment 1
Unit 3	Perspectives in Political Economy	Week 3	Assignment 1
Unit 4	Basic Concepts in Political Economy	Week 4	Assignment 1
Unit 5	Primitive Accumulation of Capital	Week 5	Assignment 1
Module 2	**Analysis of the Modes of Production**		
Unit 1	Primitive Communalism	Week 6	Assignment 1
Unit 2	Slave Owning Mode of Production	Week 7	Assignment 1
Unit 3	Feudalism	Week 8	Assignment 1
Unit 4	Capitalism	Week 9	Assignment 1
Unit 5	Socialist Mode of Production	Week 10	Assignment 1

Module 3	**Development and Underdevelopment Debate**		
Unit 1	Understanding the Concept of Development	Week 11	Assignment 1
Unit 2	Modernisation Perspective on Development	Week 12	Assignment 1
Unit 3	Dependency Perspective on Development	Week 13	Assignment 1
Unit 4	Paul Baran's Analysis of Economic Backwardness and Economic Growth	Week 14	Assignment 1
Unit 5	Andre Gunder Frank's Analysis ofDevelopment of Underdevelopment and Samir Amin theory of Unequal Development	Week 15	Assignment 1
Module 4	**Global Trends that Shape Modern Political Economy**		
Unit 1	Imperialism	Week 16	Assignment 1
Unit 2	Colonialism and Neo-Colonialism	Week 17	Assignment 1
Unit 3	Globalisation	Week 18	Assignment 1
Unit 4	Multinational Corporations	Week 19	Assignment 1
Unit 5	Bretton Woods Systems	Week 20	Assignment 1
Module 5	**The Political Economy of Nigeria**		
Unit 1	Oil Dependent Economy	Week 21	Assignment 1
Unit 2	State and Resource Management	Week 22	Assignment 1
Unit 3	Question of Development	Week 23	Assignment 1
Unit 4	Political Economy Insecurity	Week 24	Assignment 1
Unit 5	Political Economy of Elections	Week 25	Assignment 1

WHAT YOU WILL NEED FOR THE COURSE

This course builds on what you have learnt in the 100 Levels. It will be helpful if you try to review what you studied earlier. Second, you may need to purchase one or two texts recommended as important for your mastery of the course content. You need quality time in a study friendly environment every week. If you are computer-literate (which ideally you should be), you should be prepared to visit recommended websites. You should also cultivate the habit of visiting reputable physical libraries accessible to you.

TUTORS AND TUTORIALS

There are 15 hours of tutorials provided in support of the course. You will be notified of the dates and location of these tutorials, together with the name and phone number of your tutor as soon as you are allocated a tutorial group. Your tutor will mark and comment on your assignments, and keep a close watch on your progress. Be sure to send in your tutor marked assignments promptly, and feel free to contact your tutor in case of any difficulty with your self-assessment exercise, tutor-marked assignment or

the grading of an assignment. In any case, you are advised to attend the tutorials regularly and punctually. Always take a list of such prepared questions to the tutorials and participate actively in the discussions.

ASSESSMENT EXERCISES

There are two aspects to the assessment of this course. First is the Tutor-Marked Assignments; second is a written examination. In handling these assignments, you are expected to apply the information, knowledge and experience acquired during the course. The tutor-marked assignments are now being done online. Ensure that you register all your courses so that you can have easy access to the online assignments. Your score in the online assignments will account for30 per cent of your total coursework. At the end of the course, you will need to sit for a final examination. This examination will account for the other 70 per cent of your total course mark.

TUTOR-MARKED ASSIGNMENTS (TMAs)

Usually, there are four online tutor-marked assignments in this course. Each assignment will be marked over ten percent. The best three (that is the highest three of the 10 marks) will be counted. This implies that the total mark for the best three assignments will constitute 30% of your total course work. You will be able to complete your online assignments successfully from the information and materials contained in your references, reading and study units.

FINAL EXAMINATION AND GRADING

The final examination for POL 223: Foundations of Political Economy will be of two hours duration and have a value of 70% of the total course grade. The examination will consist of multiple choice and fill-in-the-gaps questions which will reflect the practice exercises and tutor-marked assignments you have previously encountered. All areas of the course will be assessed. It is important that you use adequate time to revise the entire course. You may find it useful to review your tutor-marked assignments before the examination. The final examination covers information from all aspects of the course.

HOW TO GET THE MOST FROM THIS COURSE

1. There are 25 units in this course. You are to spend one week in each unit. In distance learning, the study units replace the university lecture. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace, and at a time and place

that suites you best. Think of it as reading the lecture instead of listening to the lecturer. In the same way a lecturer might give you some reading to do. The study units tell you when to read and which are your text materials or recommended books. You are provided exercises to do at appropriate points, just as a lecturer might give you in a class exercise.

2. Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit, and how a particular unit is integrated with other units and the course as a whole. Next to this is a set of learning objectives. These objectives let you know what you should be able to do, by the time you have completed the unit. These learning objectives are meant to guide your study. The moment a unit is finished, you must go back and check whether you have achieved the objectives. If this is made a habit, then you will significantly improve your chance of passing the course.

3. The main body of the unit guides you through the required reading from other sources. This will usually be either from your reference or from a reading section.

4. The following is a practical strategy for working through the course. If you run into any trouble, telephone your tutor or visit the study centre nearest to you. Remember that your tutor's job is to help you. When you need assistance, do not hesitate to call and ask your tutor to provide it.

5. Read this course guide thoroughly. It is your first assignment.

6. Organise a study schedule – Design a 'Course Overview' to guide you through the course. Note the time you are expected to spend on each unit and how the assignments relate to the units.

7. Important information; e.g. details of your tutorials and the date of the first day of the semester is available at the study centre.

8. You need to gather all the information into one place, such as your diary or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates and schedule of work for each unit.

9. Once you have created your own study schedule, do everything to stay faithful to it.

10. The major reason that students fail is that they get behind in their coursework. If you get into difficulties with your schedule, please let your tutor or course coordinator know before it is too late for help.

11. Turn to Unit 1, and read the introduction and the objectives for the unit.

12. Assemble the study materials. You will need your references for the unit you are studying at any point in time.

13. As you work through the unit, you will know what sources to consult for further information.

14. Visit your study centre whenever you need up-to-date information.

15. Well before the relevant online TMA due dates, visit your study centre for relevant information and updates. Keep in mind that you will learn a lot by doing the assignment carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the examination.

16. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study materials or consult your tutor. When you are confident that you have achieved a unit's objectives, you can start on the next unit. Proceed unit by unit through the course and try to space your study so that you can keep yourself on schedule.

17. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in the course guide).

CONCLUSION

This is a theory course but you will get the best out of it if you cultivate the habit of relating it to political issues in domestic and international arenas.

SUMMARY

'Foundations of Political Economy' introduces you to general understanding of the fundamentals of Political Economy. It is designed to enable you have a bird's eye

view of the salient issues in Political Economy. All the basic course materials that you need to successfully complete the course are provided. At the end, you will be able to:

- have a working knowledge of political economy by understanding the nexus between politics and economics;
- understand the perspectives in political economy notably liberalism, Marxism and neo Marxism;
- analyse the modes of production such as primitive communal, slave owing, feudal, capitalist and communist modes of production;
- appraise primitive accumulation of capital in the light of the Marxists discourse;
- examine the political economy of Nigeria

List of Acronyms

GDP	**-**	**GROSS DOMESTIC PRODUCT**
UNDP	**-**	**UNITED NATIONS DEVELOPMENT PROGRAMME**
HDR	**-**	**HUMAN DEVELOPMENT REPORT**
COVID – 19	**-**	**CORONA VIRUS DISEASE, 2019**
USSR	**-**	**UNION OF SOVIET SOCIALIST REPUBLIC**
SAP	**-**	**STRUCTURAL ADJUSTMENT PROGRAMMES**
LDCS	**-**	**LESS DEVELOPED COUNTRIES**
UDT	**-**	**UNDERDEVELOPMENT AND DEPENDENCY THEORY**
FAALAPSC	**-**	**FIRST AFRO-ASIAN AND LATIN AMERICAN PEOPLE'S SOLIDARITY CONFERENCE**
IMF	**-**	**INTERNATIONAL MONETARY FUND**
IBRD	**-**	**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**
CHSNAC	**-**	**CONFERENCE OF HEADS OF STATES OF NON-ALIGNED COUNTRIES**
MNCs	**-**	**MULTINATIONAL CORPORATIONS**
IFIs	**-**	**INTERNATIONAL FINANCIAL INSTITUTIONS**
FDIs	**-**	**FOREIGN DIRECT INVESTMENTS**
WWII	**-**	**WORLD WAR II**
GATT	**-**	**GENERAL AGREEMENT ON TRADE AND TARIFF**

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TABLE OF CONTENTS PAGE

MODULE 1: The Basics of Political Economy ……19
Unit 1 Understanding the Subject Matter of Political Economy…… 20
Unit 2 Nature and Scope of Political Economy …… 23
Unit 3 Perspectives in Political Economy …… 26
Unit 4 Basic Concepts in Political Economy ……... 30
Unit 5 Primitive Accumulation of Capital …… 36

MODULE 2: Analysis of the Modes of Production ……41
Unit 1 Primitive Communalism ……... 42
Unit 2 Slave Owning Mode of Production …… 45
Unit 3 Feudalism …… 48
Unit 4 Capitalism ……... 53
Unit 5 Socialist Mode of Production ……. 56

MODULE 3: Development and Underdevelopment Debate ……..62
Unit 1 Understanding the Concept of Development …… 63
Unit 2 Modernisation Perspective on Development …… 68
Unit 3 Dependency Perspective on Development …… 71
Unit 4 Paul Baran's Analysis of Economic Backwardness and Economic Growth ……. 76
Unit 5 Andre Gunder Frank's Analysis of Development of Underdevelopment and Samir Amin theory of Unequal Development …… 82

MODULE 4: Global Trends that Shape Modern Political Economy ……93
Unit 1 Imperialism …… 94
Unit 2 Colonialism and Neo-Colonialism …… 99
Unit 3 Globalisation…….. 112
Unit 4 Multinational Corporations …… 117
Unit 5 Bretton Woods System ……. 125

MODULE 5: The Political Economy of Nigeria……. 131
Unit 1 Oil Dependent Economy …… 132
Unit 2 State and Resource Management …… 135
Unit 3 Question of Development …….. 138
Unit 4 Political Economy of Insecurity ……. 144
Unit 5 Political Economy of Elections …….. 148

MODULE 1: The Basics of Political Economy

Introduction

This module will examine the fundamentals of political economy. It examines the overall nature of connection between the fields of economics and politics which is the central theme of this study. However, the varying perspectives from which political economy will also be studied in order to understand the theoretical constructs behind the views. The module will also examine the subject matter of political economy, the various theoretical perspectives underpinning the study, and the basic concepts prominent in the field. The examination of these fundamentals will no doubt enhance the understanding of the core concerns of the subject of political economy. This module is made up of five units, the framework upon which we would base our further discussions of the basics of political economy.

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Unit 1	Understanding the Subject Matter of Political Economy
Unit 2	Nature and Scope of Political Economy
Unit 3	Perspectives on Political Economy
Unit 4	Basic Concepts in Political Economy
Unit 5	Primitive Accumulation of Capital

UNIT 1 UNDERSTANDING THE SUBJECT MATTER OF POLITICAL ECONOMY

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
3.1 The meaning of Political Economy
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The major concern of this unit is to introduce the student to the focus of political economy. It examines the meaning and significance as well as the subject matter of political economy. This is because an understanding of the subject matter is important to understanding what the entire course is all about.

Comment [DAU9]: A better word here. It is a discipline of study

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Define political economy
(ii) Discuss on the rationale for the course.

3.0 MAIN CONTENT

3.1 Meaning of Political Economy

The term political economy is a combination of two terms 'political' and 'economy'. According to Frieden, Lake and Broz (2017:1), "the economy can bedefined as the system of producing, distributing, and using wealth; politics is the struggle between actors with divergent interests to make collective decisions, whether inside or outside of formal governments." *Political economy* has a variety of meanings. For some, it refers primarily to the study of the political basis of economic actions-the ways that government policies affect market operations. For others, the principal preoccupation is the economic basis of political action-the ways that economic forces mould government policies (Frieden, Lake and Broz, 2017:1). In reality, politics and markets are in a constant state of mutual interaction.Political economy also centers on the production of material wealth and the mode of production, that is, it studies production and the basis of society from the point of view of the economic relations between people in the production process. It is the study of production and trade and

Comment [DAU10]: Et al will be better

their relations with law, custom and government; and with the distribution of national income and wealth. It also refers to the branch of social science that studies the relationships between individuals and society and between markets and the state, using a diverse set of tools and methods drawn largely from economics, political science, and sociology. In the views of Lenin, political economy deals not just with production, but the social relations of men in production and the social system of production.

The subject-matter of political economy is therefore, the production (economic) relations between people, the relationship of various social classes to political power and the interplay of politics and economy in the determination of power relations within the comity of nations. These includes:-

i. The forms of ownership of the means of production;
ii. The position of the various classes and social groups in production and their interrelations;
iii. The forms and socio-political implications of the distribution of material wealth; and
iv. The interplay of politics and economy in the international division of labour and exchange

From this, it is obvious that political economy is the science of the development of social production, that is, economic relations between people. It clarifies the laws governing production, distribution, exchange and consumption of the material wealth in human society at various stages of its development. Political economy therefore takes into account the relationship between the productive forces and relations of production.

Put slightly differently, political economy is a class, partisan science dealing with aspects of the economic interrelations between individuals, social classes or nations with specific focus on the vital aspects of production, distribution and consumption of wealth. It is a historical science, which shows how society develops from lower to higher stages and how the entire course of historical development prepares the objective necessity of the triumph of the communist mode of production.

Comment [DAU11]: Adopt one. Either remove differently or use words such as similarly, etc.

Comment [DAU12]: Source? Or solely your idea?

Over the years, intellectual curiosity have emerged on issues like the inevitability or otherwise of class struggles. Similarly, competing explanations have emerged on the causes of third world dependency as well as the actual role of Multinational Corporations or International Financial Institutions in the functioning of the global and national economies. These and more are some of the issues that bother the political economist. It is interesting to note that answers to these questions have over the centuries, provoked intellectual confrontations between scholars of various ideological leanings.

For instance, political economist of the Marxian tradition, argue that bourgeois economists were able to analyse reality more or less objectively while the bourgeoisie was still a rising class, and the development of capitalism was in the interest of social development. However, with the emergence of the working class consciousness as a counter orientation to continued exploitation of labour, bourgeois orientations and domination have steadily been called to question. The apparent clash of ideologies has led to the evolution of a truly scientific basis for political economy through the works of such scholars like Marx, Engel and Lenin.

These scholars applied the method of dialectical and historical materialismwhich presupposes:-

i. Investigation of relations associated with material production and the process of their emergence and development across epochs, that is, historical;
ii. Consideration of this process as an objective reality, that is, materialistic;
iii. Revelation of the internal contradictions of development inherent in social production, that is, dialectical (Ryndina, Chernikov and Khudohormov, 1980).

Comment [DAU13]: Consider using et al

Having established the meaning of political economy, it is now imperative to outline the significance of the course. In line with this, radical scholars maintain that the course provides the working class and all working people with knowledge of the laws governing the economic development of society and allows them to fulfill successfully the task facing them. It also shows the working people of all nations the reasons for their enslavement, poverty and deprivations. Specifically, it shows that the oppression and impoverishment of the working class and all the working people depend on the arbitrary will of individual capitalist. For this reason, only an uncompromising class structure, elimination of capitalism and establishment of the power of the proletariat can liberate the working people from exploitation.

Comment [DAU14]: Know that this is a conclusion or a position even before the contents of the course. Reconsider. If a scholarly work, cite the scholar and exonerate yourself

Political economy therefore seeks to explain the dynamics of the state – market nexus causes of the asymmetrical relations between developed and developing nations in the international division of labour and exchange. It locates the root causes of third world underdevelopment on issues of imperialism, colonialism and neocolonialism on the one hand and also draws from the internal contradictions peculiar to the third world countries as fundamental causes of their underdevelopment. Interestingly, both bourgeois and Marxian political economy proffer separate approaches to emancipation and development. Finally, knowledge of political economy helps the oppressed and exploited to understand their reality and ways out of their contradictions.

SELF ASSESSMENT EXERCISE

The central argument of political economy is a situation where politics and markets are in a constant state of mutual _____

a. Interaction
b. Antagonism
c. Conflict
d. Cooperation

Comment [DAU15]: I guess the HOD should clarify this. Is it suppose to be an objective assessment (multiple choice question or a question for students to answer) i.e. a thought out question for the student to reflect and build upon the lessons of the unit? Refer to HOD.

4.0 CONCLUSION

The ongoing analysis demonstrates that political economy is a useful discipline for every student. It is one of the key courses, which every student especially in the social sciences must appreciate. This is because it equips the student with the basic framework for understanding social reality and the evolution of the society, class relations and the emerging issues in the international division of labour and exchange.

5.0 SUMMARY

Political economy studies human interaction with specific focus on the social relationships of production. It divides the society into social classes based on the economic capabilities of social actors and further offers explanations for the discrepancies in the international division of labour and exchange.

6.0 TUTOR-MARKED ASSIGNMENT

1. The tools and methods used by political economy are drawn largely from all the following disciplines except.
   (a) Economics (b) Political Science (c) Sociology (d) Anatomy

7.0REFERENCES/FURTHER READING

Frieden, A. J., Lake, A. D. & Broz, L. J. (2017). International political economy: Perspectives on global power and wealth. New York & London: W. W. Norton & Company.

Ryndina, M.N.; Chernikov, G.P and Khudohormov, G.N. (1980).*Fundamentals of Political Economy.*Moscow: Progress Publishers.

UNIT 2 NATURE AND SCOPE OF POLITICAL ECONOMY

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
   3.1 Nature Political Economy
   3.2 Scope of Political Economy

4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The field of political economy is undergoing radical changes from the ancient purely philosophical concerns to the narrow view of it as 'economics'. It recent times, the nature and scope of the field has greatly widened. This unit addresses the nature and scope of political economy putting into cognizance modern realities. Virtually everything can now be subjected to the discourse of political economy.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Discuss the nature of political economy
(ii) Explain the scope of modern political economy

3.0 MAIN CONTENT

3.1 Nature of Political Economy

Political economy may simply refer to the advice given by economists to the government or public on general economic policy or on specific economic proposals developed by political scientists. Political economists study political ideology, economic structure, human interaction, human nature, and theories in philosophical thought. Political economy is the study of the relationships between individuals and society, and more specifically, the relationships between citizens and states. To this end, Gilpin (2001:129) posits the "every state, some more than others, attempts to use its power to influence market outcomes."

Political economy is fundamentally about how we organise our lives and provide for our basic (and more complex) needs. It makes a practical difference in people's lives. Political economy cares about questions of class that we don't often hear about in our daily life. Modern political economy is interdisciplinary in nature.

The growing importance and attention given to the field of political economy necessitated the establishment of the only Department of Political Economy in the United Kingdom at King's College London in 2010 (https://.www.kcl.ac.uk/political-economy). The rationale for this academic unit was that "the disciplines of Politics and Economics are inextricably linked", and that it was "not possible to properly understand political processes without exploring the economic context in which politics operates" and in 2017, the Political Economy UK Group (abbreviated

Comment [DAU16]: This citation cannot fly. There are numerous scholarly online resource on the history of political economy. Kindly review and update. I suggest that the section should be on evolution of political economy. This will form the foundation of the work

PolEconUK) was established as a research consortium in the field of political economy.

3.2 Scope of Political Economy

The scope of political economy informs us about the sphere of analysis, the boundaries or limits, the kind of situations it describes and its applicability in the real world or, its relevance.

Political economy most commonly refers to interdisciplinary studies drawing upon economics, sociology, and political science in explaining how political institutions, the political environment, and the economic system influence each other.

Comment [DAU17]: Reconsider or remove

Political economy is generally classified into three sub-areas:
(1) The role of government and/or class and power relationships in resource allocation for each type of economic system
(2) International political economy, which studies the economic impacts of international relations and
(3) Economic models of political or exploitative class processes.

Political economy is often associated with approaches using rational-choice assumptions, especially in game theory in examining phenomena beyond economics' standard remit, such as government failure and complex decision making in which context the term "positive political economy" is common.

Other traditional topics often associated with political economy include analysis of public policy issues such as economic regulations, monopoly, rent-seeking, market protection, institutional corruption, and distributional politics.

In recent times, virtually everything can be studied under political economy. Some of those issues include the influence of elections on the choice of economic policy, determinants and forecasting models of electoral outcomes, the political business cycles among others.

Political economy has also grown to include the origins and rate of change of political institutions in relation to economic growth and development,financial markets and regulation, the importance of institutions, reforms and transition economies,the role of culture, ethnicity, gender and religion in explaining economic outcomes. It is interesting to note that the modern political economy is about expanding the domain of economic policy analysis and hence enhancing its relevance. It is aimed at finding ways to integrate politics and economics to think about important problems.

SELF ASSESSMENT EXERCISE

Which of the following does not constitute an area of study by political economists?

Comment [DAU18]: As the first unit

(a) PoliticalIdeology (b) Human Anatomy (c) Economic Structure (d) Human Interaction

4.0 CONCLUSION

The dynamism of the field of political economy was discussed in this unit. The emphasis on the field of political economy is predicated on the assumption that politics and economics are inextricably linked. In modern times, even the role of culture, ethnicity, gender, and religion in explaining economic outcomes has become a core discussion in political economy.

5.0 SUMMARY

Political economy is concerned about how we organise our lives and provide for our basic (and more complex) needs. Apart from the original classification of it into the role of government and/or class and power relationships in resource allocation for each type of economic system, international political economy, which studies the economic impacts of international relations and economic models of political or exploitative class processes, it has grown to cover virtually all the areas of the human society.

6.0 TUTOR-MARKED ASSIGNMENT

1. It is not possible to properly understand political processes without exploring the ___ context in which politics operates
   (a) Historical (b) Economic (c) Philosophical (d) Practical
2. Modern political economy is ___ in nature
   (a) Complex (b) Interdisciplinary (c) Historical (d) Contradictory
3. Modern political economy has grown to include the role of all the following except one in explaining economic outcomes.
   (a) Culture (b) Ethnicity (c) Marriage (d) Religion

Comment [DAU19]: History and philosophy are closely related. Be careful about options

Comment [DAU20]: The three gives a picture of modern political economy

7.0 REFERENCES/FURTHER READING

Gilpin, R. (2001). *Global political economy: Understanding the international economic order.* Princeton, NJ: Princeton University Press.

UNIT 3 PERSPECTIVES ON POLITICAL ECONOMY

CONTENTS

1.0 Introduction
2.0 Objectives

3.0 Main Content
3.1 Classical Political Economy
3.2 Marxian Political Economy
3.3 Neo-Classical Political Economy
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

Comment [DAU21]: Neo-Marxism also exist but missing in this context. You may wish to add a section on neo-marxism

1.0 INTRODUCTION

This unit examines the three contending perspectives to understanding the logics of political economy. These perspectives include the Classical, Marxian and Neo-classical perspectives. It highlights the main argument of each perspective as well as its limitations. It is expected that the student will understand and assimilate the kernel of each viewpoint, as this will significantly aid his or her appreciation of the dynamics associated with the course.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain the concept of classical political economy
(ii) Highlight Marxian political economy
(iii) Discuss neo-classical political economy.

3.0 MAIN CONTENT

3.1 Classical Political Economy

This is concerned mainly with the removal of inhibitions to expansion of capital in the productive process. The main argument is that the market forces of demand and supply should be the major determinants of the production process. Here, the intervention of the government in economic activities is rejected. Rather, the state should focus on its primary function of maintaining law and order. Classical political economy has otherwise been referred to as *laissez faire* political economy because of its emphasis on free enterprise. Oatley (2019) attributed the activities of the classical political economy to the nineteenth-century liberal system. He posits that "governments eliminated tradebarriers and made little effort to manage domestic economic activity" (Oatley, 2019:47).

Comment [DAU22]: Who are the proponents of this school? Then, their teachings

The classical approach to political economy argues against the utility of restriction in international trade. It advocates for the abolition of trade restriction such as import and export duties embargo. It extols policies initiatives, which favours deregulation,

privatisation and commercialisation. The western notion of globalisation, which place emphasis on trade and financial liberalisation, fall within this category. This school principally contends that the price mechanism contains powerful equilibrating forces that will keep the economy near full employment without any government intervention; consequently, there is little involuntary unemployment (Samuelson and Nordhaus 2002: 664). Intellectual precursors of the classical political economy include Adam Smith, David Richardo, and Thomas Malthus.

Comment [DAU23]: Move up, give a brief on some of their thought as it relates to the section

3.2 Marxian Political Economy

Scholars of Marxian orientation conceive the classical orientation to political economy as *vulgar*: According to Frieden, Lake and Broz (2017:8) "Marxism originated with the writings of Karl Marx, a nineteenth-century political economist and perhaps the severest critic of capitalism and its Liberalsupporters." Karl Marx as the main proponent of the approach assumed a radical posture in his interpretation of the economic process. The Marxian interpretation of history places emphasis on social classes, productive forces and the social relationship of production. He maintains that the economy is the substructure upon which the superstructure revolves. The superstructure includes politics, religion, justice, culture, among others. To Marx, the economic factor is the foundation upon which the socio – cultural and political superstructure are built. Using his logic of historical determinism and dialectical materialism, Marx established the evidence of antagonistic contradiction in every economic epoch from slavery to capitalism and as such the existence of class struggle in each epoch.

Comment [DAU24]: Mention a few of the scholars

Comment [DAU25]: Source. Cite he Marx work. I guess CAPITAL

The centerpiece of Marx work is an incisive analysis of the strengths and weaknesses of capitalism. Marx argued that all commodity value is determined by labour content- both the direct labour and indirect labour embodied in capital equipment. For example, the value of a shirt comes from the efforts of textile workers put together plus the value of the person who made the looms. By imputing all the values of output to labour, Marx attempted to show that profits- the part of output that is produced by workers but received by capitalists- amount to unearned income. It is the opinion of Marx that the injustice of capitalist receiving unearned income justifies transferring the ownership of factories and other means of production from capitalists to workers.

The Marxian approach is consistent with socialist worldview, which accommodates extensive state intervention and control of the economy of the nation. It is the expectation of scholars of Marxian orientation that state monopoly of the productive process will make for a better redistribution of income in the society.

Comment [DAU26]: Cite a few of the scholars

3.3 Neo-Classical Political Economy

This perspective gained prominence with the writings of John Keynes. Scholars in this school of thought doubt the capability of attaining optimum resource production and allocation within the classical assumption. They are also opposed to the extremism of the Marxian scholars. For them, there is the need for some limited measure of state intervention in the economic process if there must be full economic production. Scholars in this school were predominantly influenced by the economic crisis of the prewar period and were determined to avoid the economic chaos and competitive devaluations that had occurred during the Great Depression. They believed that the gold standard was too inflexible and served to deepen and lengthen business cycles.

Comment [DAU27]: Cite schoolars

Comment [DAU28]: Cite one or two to support your post

It is their position that changes in aggregate demand have a significant and lasting effect on output. Hence, if aggregate demand fall because of a monetary tightening or a falloff in consumer spending, Keynesian scholars hold that this will in the short run lead to falling output and employment (Samuelson and Nordhaus, 2002: 664). Consequently, they posit that state intervention in the economic process is relevant for the attainment of full employment, control of inflation and general economic recession. In summary, they postulate that government intervention was needed to control the flow of money in the economy and further accommodate the preference of government's fiscal and monetary policies to national economic development. The neo-classical perspective gained popular sympathy with the crisis of world capitalism associated with the Great depression of the late 1920s and 1930 in the global capitalist system.

SELF-ASSESSMENT EXERCISE

The perspective of political economy that doubted the capability of attaining optimum resource production and allocation within the classical assumption is called.
(a) Marxian political economy (b) classical political economy (c) neo-classical political economy (d) radical political economy

4.0 CONCLUSION

The above discussion focused on the contending polemic on the role of state in the functioning of the economy. Evidently, there exist remarkable discrepancy between the Classical, Marxian and Neo classical perspectives to political economy. However, despite the observable variations in orientation, one underlying motivation for each of the perspectives is that they are driven by the quest for a more effective way of delivering public goods.

Consequently, whereas the classical perspective frees the state from all encumbrances associated with state participation in the economic process, the Marxian perspective emphasizes effective state intervention in the economic process. The Neo-classical

approach on the other hand, is a midstream between the Marxian and classical orientations.

5.0 SUMMARY

The role of the government in economic life of the state cannot be overemphasized. Beyond the contentions of the above perspectives lies a central denominator, which is the fact that they all advocate for efficient and effective delivery of public goods in the society.

Comment [DAU29]: Precisely capture the three perspectives and join with this conclusion

6.0 TUTOR-MARKED ASSIGNMENT

1. The perspective of political economy that emphasizes a free market economy is called. (a) Mercantilist Perspective (b) Marxist Perspective (c) Rational Perspective (d) Classical Perspective.
2. Marxian orientation conceive the classical orientation to political economy as __ (a) Volatile (b) Valuable (c) Vulgar (d) Visionary

7.0 REFERENCES/FURTHER READING

Frieden, A. J., Lake, A. D. & Broz, L. J. (2017). International political economy: Perspectives on global power and wealth. New York & London: W. W. Norton & Company.

Oatley, T. (2019).International political economy. New York & London: Routledge. Available at www.routledge.com/9781138490741.

Samuelson, P. and Nordhaus, D.W. (2002).*Economics.*New Delhi: Tata McGraw Hill.

UNIT 4 BASIC CONCEPTS IN POLITICAL ECONOMY

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
    3.1 Basic Concepts in Political Economy
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 Reference/Further Reading

1.0 INTRODUCTION

In this unit, the student is also exposed to the basic concepts associated with political economy. A good understanding of these concepts is important at this early stage, as

they will be continually utilized throughout the entire course. The onus lies on the student to appreciate and assimilate the meaning of these concepts and apply them frequently in the course of daily interactions. Prominent among them include labour, social class, means of production, socio-economic formation, bourgeoisie and proletariat and so on.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain the basic concepts in this course.
(ii) Know the contemporary reality of those concepts.

3.0 MAIN CONTENT

3.1 Basic Concepts in Political Economy

Labour

This is conscious and purposeful activity of people to produce material wealth. In the labour process, people act on nature in order to adapt it to their own requirements. Labour is eternal to humankind and can be skilled or unskilled. For Fredrich Engels, labour is an external, natural necessity and the primary condition for human life. Lenin shared this view and add that *it was labour that created man himself.*

Comment [DAU30]: Source (cite the work)

Comment [DAU31]: Source (cite the work)

The fundamental difference between man and animals appeared when man began to make tools, even the primitive ones. As soon as the simplest tools were made, the need arose for contact between primitive people in the labour process concerning the application of these tools.

The management of these tools or instruments of labour led to the development of human society.

Means or Instruments of Labour

This refers to the instrument of labour that man uses that determines the force of his impact on nature. It includes tools and machinery, as well as buildings and land used for production purposesand infrastructure like roads and communications networks and so forth. In primitive communal society, for instance, people used sticks and stones as instruments of labour, so they were usually powerless before nature. Today man works with the help of many machines and his domination over nature has grown immeasurably. It is a generally accepted verdict that the level of development of instruments of labour serves as a measure of man's domination over the

environment. Marx points out that it is not articles made, but how they are made and by what instrument, that enable us to distinguish different economic epochs.

The contemporary replacement of a traditionally human-operated process by amechanised or computerised onebreeds some amount of fear and uncertainty. But this is what industralisation has done. For instance, in December, 2019, the Bank of England released a warning that up to 15 million jobs in Britain will be at risk of being lost to the advancement of robotics. Robots are increasingly becoming the instruments of labour, hence increasing the rate at which human influence over the environment is rapidly waning.

Comment [DAU32]: Source is very important

Objects of Labour

People use instruments of labour to act on objects of labour i.e. on everything to which man's labour is applied. Man founds objects of labour in the environment, in nature itself. All the primary objects of labour-minerals, animals and plants, the wealth of the water are found in nature. The objects of labour that have already experienced the impact of human labour but require further processing are called raw materials. With the help of means of labour, in his labour activities, man adapts the objects of labour to his requirements, the result of this process being the product of labour.

Means of Production

Means of labour and objects of labour together constitutes the means of production. These means of production cannot on their own produce any material wealth. The most sophisticated technology is worthless without people. As such, human labour constitutes the decisive factor of the production process. It is also called the Productive Force i.e. means of production created by society, especially instruments of labour, and the people producing the material wealth. It is people whom, thanks to acquired knowledge, experience and labour skills, fashion and set in motion, means and particularly instruments of labour into the production process and expand their own knowledge. This ensures the development of the productive forces and the production of material wealth in adequate quantities.

Comment [AU33]: Long sentence. A little confusing. Revisit

Relations of Production

The relationship between people in the process of production, exchange, distribution and the consumption of material wealth are called relations of production or economic relation. These are usually property relations connected with the nature of the ownership of the means of production and products. Relations of production can either be relations of cooperation and mutual assistance between people free from exploitation, or relations of exploitation of man by man. The relation of production in a capitalist society either exist between members of the same social class like

proletariat to proletariat or bourgeoisie to bourgeoisie on the one hand; or between members of differing and antagonistic social classes as between the bourgeoisie and proletariat.

Mode of Production

The productive forces (means of production) and relations of production constitute the mode of production. These two interact and influence each other, and both develop in the course of the historical development of society. The mode of production is also called *Epoch* or *Era* in the Marxian dialectics.

The productive forces are the more mobile component of the mode of production. They are always changing, for people are constantly improving the instrument of labour and accumulating diverse experiences in the process of production. A specific level of development of the productive forces requires corresponding relations of production. This is the economic law discovered by Marx. This relates the relations of production to the character and level of development of the productive forces. This law reveals the economic basis of social relation.

Basis of Society

This is otherwise called the economic system, that is, the totality of socio-production relation at each given stage in the historical development of society. It is the relations connected with a specific level of development of the productive forces. The *basis of society* can be antagonistic or non-antagonistic. The basis of slave, feudal and capitalist societies are antagonistic, since they are based on private ownership of the means of production, relation of domination or subordination and exploitation of man-by-man. The basis of the primitive – communal and socialist societies are non-antagonistic, for this society is based on communal and public ownership of the means of production in the absence of exploitation.

Superstructure

The basis of society engenders a corresponding superstructure and determines its development. The superstructure consists of the political, philosophical, legal, artistic, religious and other views of society and corresponding institutions. In a class society, the superstructure has a class character. The dominant class creates institutions to protect its class interests, in accordance with its views. The basis of society and the superstructure exist only for a specific period of time. Consequently, the basis of society changes elicits a change in the superstructure of the society. For instance, the replacement of the feudal basis with the capitalist one also entails a replacement of the feudal superstructure with a capitalist one.

Comment [DAU34]: The concept of superstructure not clearly defined. Kindly revisit this section. I guess it is what makes the society operates or work, hence, define and link with the political, philosophical, etc.

Socio-Economic Formation

The mode of production of the material wealth, being a unity of the productive forces and the relations of production together with the corresponding superstructure, constitutes the socio-economic formation. Karl Marx identified 5 different socio-economic formations in the history of mankind. These are primitive communalism, slave owning, feudalism, capitalism and communism. The first phase of communism is socialism. Each of these has had its own corresponding economy, views, ideas and institutions. The development of the socio-economic formations proceeds from the lowest to the highest. Thus feudalism made way for capitalism, and capitalism for socialism i.e. the first phase of communism.

Comment [DAU35]: Cite the Marx work and ensure it forms part of the reference.

Social Class

Karl Marx identifies a social class as a group of persons that share a similar relationship to the means of production. For him, each epoch or mode of production beginning from slavery to capitalism was characterized by the existence of social classes. Under slavery, the social classes were slaves and slave masters; Feudalism was characterised by lords and serfs while capitalism had bourgeois and proletariats. These social classes co-existed in a situation of stratified imbalance in status and wealth, with the dominant class extorting the 'surplus value' of the subordinate. As such, these social classes are locked in antagonistic contradictions over the allocation of social surplus.

For Max Weber, a social class consists of persons who share a similar relationship in the market place. This description is somewhat consistent with the Marxian economic stratification. Weber however disagrees with Marx on the process of social mobility. This is because whereas Marx posits that it is only through a revolution that the proletariat can rise to ascendancy, Weber advocates that the worker can attain upwards mobility through hard work and promotions in the factory.

Comment [AU36]: Source. Cite the work and reference

The Bourgeoisie

This refers to the owners of the means of production, that is, the propertied class in a capitalist society. In the Marxian tradition, under capitalism, the bourgeoisie exploit the workers by expropriating the surplus value from their labour.

The Proletariat

This refers to the exploited workers who own no means of production but only have their labour to offer to the process of production. Marx asserts that while the proletariats who carry out the actual process of production are living in penury, misery or abject poverty, the bourgeoisie who only invest in the productive capital and not labour are living in affluence and splendors, the source of their wealth being

in the surplus value, which they extort from the proletariats. This perpetuates the irreconcilability of their contradiction.

Surplus Value

Otherwise known as social surplus is the difference between what the proletariat produces and what he actually takes home in the form of his wage. Marx maintains that the struggle over the possession of the surplus value is the source of antagonistic contradiction between the bourgeoisie and proletariat in a capitalist society. This class struggle for him will result in a proletarian revolution and that the subsequent proletarian victory will lead to the ascendancy of socialism and eventually communism.

Comment [AU37]: Cite the Marx work

Capital

Bourgeois economists apply the terms "capital" to all instruments of labour, from primitive man's sticks and stones. One bourgeois author said that "in the first stone which he (the savage) flings at the wild animal he pursues, in the first stick that he seizes to strike down the fruits which hangs above his reach, we see the appropriation of one article for the purpose of aiding in the acquisition of another, and thus discover the origin of capital".

Comment [AU38]: Cite the bourgeois economists and reference

However, the Marxist contends that means of production are not in themselves capital: they are a necessary condition for the existence of any society and, in this sense; classes make no difference to them.

Means of production only becomes capital when they are the private property of capitalists and are used for exploitation of the working class (proletariat). Here, capital is not a sum of money or means of production as liberal economist suggests, but a historically determined socio-production relation under which the instruments and means of production, as well as the chief means of subsistence, are the property of the capitalist class. The working class, which is the chief productive force of society, is deprived of means of production and means of subsistence, so it has to sell its labour power to the capitalist and suffer exploitation. What then is *Capital*? Simply, it is the value that, through the exploitation of wage workers, begets surplus value.

Class Struggle

This implies the antagonistic competition between the opposing classes in any epoch. It emerges from the struggle to appropriate a major share of the surplus that is accumulated from the process of production. Karl Marx observed that class struggle existed between the **slaves** and **slave master** under the slave owning mode of production; and between the **Lords** and **Serfs** under feudalism. However, it is the

capitalist mode of production that is characterised by the most intense incidence of class struggle between the **bourgeoisie** and **proletariats**. In his view, this struggle will inevitably lead to a bloody revolution which will result in the overthrow of the bourgeois class and the enthronement of a dictatorship of the proletariat under scientific socialism.

Comment [DAU39]: Link the teachings on the concepts to scholarly postulations for students to read more i.e. in case they don't understand or enjoy variety of thoughts.

SELF ASSESSMENT EXERCISE

What is the conscious and purposeful activity of people to produce material wealth is called? (a) Labour Power (b) Instrument of Labour (c) Labour (d) Means of Production

Comment [DAU40]: Refer to HOD on this. I guess it is not supposed to multiple choice

4.0 CONCLUSION

Several concepts that are central to discussions in political economy were examined in this unit. It is important and absolutely compulsory for a student of political economy to demonstrate good understanding of all these concepts. As such, it is suggested that concerted efforts should be made to assimilate and utilize them appropriately.

5.0 SUMMARY

This unit examined the various concepts that are associated with political economy. It is expected that the student will get familiar with the concepts at this stage because they will be frequently utilized in subsequent units.

6.0 TUTOR-MARKED ASSIGNMENT

1. The class in a capitalist society that owns the means of production is called. (a) Petit – Bourgeoisie (b) Peasantry (c) Bourgeoisie (d) Proletariat.
2. The antagonistic competition between the opposing classes in any epoch is called (a) Class Struggle (b) Class Conflict (c) Class Relation (d) Class Division
3. The difference between what the proletariat produces and what he actually takes home in the form of his wage in a capitalist society is called. (a) Excess Workload (b) Tax (c) Social Surplus (d) Exploitation
4. The totality of socio-production relation at each given stage in the historical development of society is called (a) Superstructure (b) Basis of the Society (c) Relation of Production (d) Government

7.0 REFERENCES/FURTHER READING

Ryndina, M.N.; Chernikov, G.P and Khudokormov, G.N. (1980).*Fundamentals of Political Economy.*Moscow: Progress Publisher.
Schaefer, R. T. (2003). *Sociology.*New York: McGraw Hills.

UNIT 5 PRIMITIVE ACCUMULATION OF CAPITAL

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
3.1 Meaning of Primitive Accumulation of Capital
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit introduces the student to the notion of primitive accumulation of capital. The motive is to establish a background to understanding the historical and underlying forces that resulted in the differential wealth and status in the society.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain the meaning of primitive accumulation of capital
(ii) Know the implication of primitive accumulation on the differential class and power structure in the society.

3.0 MAIN CONTENT

3.1 Meaning of Primitive Accumulation of Capital

Orthodox Marxist scholars contend that bourgeois ideologists deliberately distort history of how the capitalist and working classes emerged. In an attempt to justify in every possible way the unjust distribution of material wealth, they invent explanations for the division of society into rich and poor. They insist that people have always been different in character, some are hardworking and thrifty; others are lazy. The first group accumulates all sorts of wealth, while the second remain poor. For Marx,

Comment [DAU41]: Who are these orthodox Marxist scholars? Cite them

this is a totally false explanation of the origin of capitalism. Two major conditions are required for capitalism to emerge:-

1. People enjoying personal freedom but having no means of production or means of subsistence, and therefore having to sell their labour power.
2. A concentration of the means of production and large sums of money in the hands of few individuals.

These two conditions are fulfilled under the feudal system during the stratification of small commodity producers. The establishment of the capitalist mode of production was accelerated by the most flagrant coercion on the part of landowners (lords), the emerging bourgeoisie and the state authorities against the broad population. The continued concentration and accumulation of wealth in the hands of a few led to a major consequence, which is divorcing or separating the producer from his means of production.

The secret of primitive accumulation of capital conceals the historical process through which money is changed into capital and how capital generate surplus value and through it generate more capital. "Economic historians have sought the act of 'primitive accumulation' fuelled the growth of the industrial economy"(Bates, 2006:718).It is imperative to note from a Marxian sense that the accumulation of capital pre-supposes surplus value, which in itself indicates capitalistic production. In his work *Capital: A Critique of Political* Economy, Marx contends that capitalistic production presupposes the existence of masses of capital and of labour power in the hands of producers of commodities.

Comment [DAU42]: Year of publication of the work quoted and Pg.

What then is Primitive Accumulation of Capital?

The Primitive Accumulation of Capital is the process by which the condition necessary for the emergence of capitalism is created. In the views of Marx, it is nothing else than the historical process of divorcing the producer from the means of production. It presupposes an accumulation resulting not from the capitalist mode of production rather, an accumulation preceding capitalism or put differently, an accumulation that constitutes the starting point of what later became metamorphosed to capitalism. Marx described as insipid childishness, the attempt at likening wealth differential in society to the notion of *original sin* in Christian theology (Adam bit the apple and thereupon sin fell on humanity). He maintained that bourgeois apologists often sort to defend property ownership in the following logic.

> In times long gone by there were two sorts of people; one, the diligent, intelligent, and above all, frugal elite; the other lazy rascals, spending their substance, and more, in riotous living. The legend of theological original sin tells us certainly how man came to be condemned to eat his bread in the sweat of his brow; but the history of economic original sin

> reveals to us that there are people to whom this is by no means essential… Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell but except their own skins. And from this original sin dates the poverty of the great majority that, despite all its labour, has up to now nothing to sell but itself, and the wealth of the few that increases constantly although they have long ceased to work. (Marx; *Capital*)

Comment [DAU43]: (Marx, year). Others at the reference

On the contrary, Marx contends that in actual history, it is notorious that conquest, enslavement, robbery, murder, force play a great part in divorcing labour from capital. He argued that money and commodities are no more capital than are means of production and of subsistence and that, the transformation of money and commodity into capital can only take place under the circumstances of primitive accumulation. Secondly, that two different kinds of commodity-possessor must come face to face and into contact; on the one hand- the owners of money, the means of production, means of subsistence, who are eager to increase the sum of values they possess, by buying other people's labour power; and on the other hand, free labourers, the sellers of their own labour-power, and therefore the sellers of labour. Marx described this later group as free labourers in the double sense that neither they themselves form part of the owners of the means of production, as in the case of slaves and bondmen, nor do the means of production belong to them as in the case of peasant–proprietors. The labourers are therefore free from and unencumbered by any means of production of their own. It is his view that this polarisation of the market for commodities set the fundamental conditions upon which the capitalist production are given.

He further argues that the primitive accumulation of capital presupposes the complete separation of the labourer from all property in the means by which they can realise their labour. The eventual emergent capitalism sustains and reproduces this separation of labour from the means of production and the product of his labour. The process which actually clears the way for the capitalist system is simply the process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other hand, the immediate producers into wage-labourers. This concisely is the so-called primitive accumulation of capital.

Primitive accumulation took place in its most typical form in England, where the property owners seized the peasant's communal land and even drove the peasants out of their homes. The land appropriated from the peasants by the landowners was turned into sheep pasture or rented out to tenant farmers. There was great demand for wool on the part of the growing textile industry. The emerging bourgeoisie also used such methods as the appropriation of crown lands and the plunder of church property. Masses of people deprived of their means of subsistence, became vagrants, beggars and villains. The government passed harsh lands laws against the people, who has been robbed and were called 'bloody legislation'. The robbed people were forced by torture, lashing and branding into capitalist enterprises.

The fact that the peasants were deprived of their land had a two-fold result:-

1. The land became the private property of a comparatively small number of people.
2. An abundant supply of wage labour was ensured for industry.
3. Thus, the first condition necessary for the emergence of capitalism was created by the existence of a mass of property less people, personally free but at the same time, deprived of the means of production. As a result of primitive accumulation, labour power deprived of means of production was created in massive quantities and huge, monetary wealth accumulated in the hands of only a few people.

Marx notes the following chief means of forming the monetary wealth necessary for setting up large-scale capitalist enterprises:-

1. The control system-plunder and enslavement of the people of Africa, Asia, and Latin America.
2. The tax system-tax farming, monopoly and other ways of appropriating parts of the tax levied on the population.
3. The system of protection-states encouragement of the development of capitalist industry.
4. Inhuman exploitation.

SELF ASSESSMENT EXERCISE

What did economic historians said fuelled the growth of the industrial economy? (a) PrimitiveAccumulation of Capital (b) Class Antagonism (c) Social Relation of Production (d) Economic Determinism

Comment [DAU44]: Revisit

4.0 CONCLUSION

This unit examined the meaning of Marx's primitive accumulation of capital. It established clearly that for Marx, primitive accumulation sets the stage for the separation of the worker from the product of his labour and set the stage for the eventual emergence of capitalism.

5.0 SUMMARY

This unit embarked on a deliberate attempt to identify the historical process through which wealth differentials in the society was designed and sustained prior to the emergence of the capitalist mode of production. This process in the views of Karl is the so-called *primitive accumulation of capital.*

6.0 TUTOR-MARKED ASSIGNMENT

1. What in the Marxian parlance generates surplus value and through it generate more capital? (a) Labour (b) Capital (c) Entrepreneur (d) Land
2. The Primitive Accumulation of Capital is the process by which the condition necessary for the emergence of ____ is created. (a) Communism (b) Capitalism (c) Socialism (d) Colonialism

7.0 REFERENCES/FURTHER READING

Bates, H. R. (2006).The role of the State in Development. In B. R. Weingast&D. A. Wittman (Eds.), *The oxford handbook of Political Economy*. Oxford: Oxford University Press

Marx, K., (1986). *Capital: A Critique of Political Economy* Volume 1. Moscow: Progress Publishers.

MODULE 2 Analysis of the Modes of Production

INTRODUCTION

Module 1 dealt with the basics of political economy. This is important because as we shall soon see it had far reaching implications on further discussion on the other issues addressed by this study. For instance, the mode of production, which defines the relationship between the economic substructure and the socio-cultural and political superstructure discussed in module shall be exhaustively discussed in this module. This module, which is sub-divided into five units, will examine the various modes of production in human history as espoused by the historical and dialectical materialism of Karl Marx.

Unit 1	Primitive Communalism
Unit 2	Slave Owning Mode of Production
Unit 3	Feudalism
Unit 4	Capitalism
Unit 5	Socialist Mode of Production

UNIT 1 PRIMITIVE COMMUNALISM

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
    3.1 Primitive Communalism
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit examines the nature of relationship within the primitive communal mode of production. It highlights the nature of means of production and systems of interaction within the era. Efforts were also made to establish the circumstances that led to the decline of the primitive-communal mode of production.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Discuss the nature and main features of the primitive communal era.

3.0 MAIN CONTENT

3.1 Primitive Communalism

The first socio-economic formation was the primitive communal system, which lasted for many hundreds of thousands of years. The development of society began from this stage. At first, people were in a half-savage state, powerless before the forces of nature. They ate a mainly vegetarian diet consisting of things found ready to eat in nature roots, wild fruits, nuts etc. This mode of production emerged about two million years ago and existed as the longest period of human history. The era ended only about seven to nine thousand years ago (Ryndina*et al*: 1980).

There were two stages in the development of productive forces under the primitive-communal system. The first stage consisted mainly in the appropriation of natural products while the second stage marked the transition to a reproductive economy. During the first stage, the means of subsistence were secured mainly by gathering fruits, grains and other vegetable goods and by hunting.

Man's first tools were a roughly cut stone and stick. Later, through a slow accumulation of experience, people began to produce simple tools for banging, cutting and digging. Stones and sticks were the main instruments of labour. They were later supplanted by the use of fire, axe, bows and arrows. The discovery of fire was of major significance in the struggle with nature. Fire made it possible for primitive people to diversify their diet. The invention of the bow and arrow constituted a new era in the development of primitive people's productive forces. As a result, people began to hunt animals and meat was added to their diet. The development of hunting gave rise to primitive livestock breeding and the hunters began to tame animals. People improved their skills and accumulated useful work experience.

The beginning of land cultivation was another step forward in the development of the productive forces. Primitive farming remained at a very low level of development for a long time. The use of draft animals made farming more productive and provided it with a firm basis. Primitive people began to go over to a settled way of life. In primitive societies, people worked in common because the productive forces were poorly developed and no individual could provide all his needs single-handedly. The work of each individual was through direct social labour and simple cooperation. It is within this framework that the division of labour based on sex and age was based. Men specialised in hunting and women in gathering of food, which sometimes increased labour productivity.

As instruments of labour developed, human population began to live in clans. The basis of the relations of production in the clans was through collective ownership by individual communes of the primitive means of production, in particular, instruments of labour. Communal ownership corresponded to the development level of the productive forces at this time. The instruments of labour in primitive society were so crude that people could not fight the forces of nature and wild animals on their own. Under the ideal primitive communal mode of production, the primary cells of society were kindred groups that shared a common dwelling and together procured their means of subsistence. This group subsequently gave rise to kindred communities, which later evolved into tribes. In addition to communal ownership of the means of production there were also property belonging to the members of the commune certain tools, which were also weapons for defence against predators.

Some of the major attributes of the primitive-communal society were;

a. Labour was not very productive and created no surplus product over and above the amount essential for life.
b. Labour activities were based on simple cooperation. Many people do the same jobs.
c. There was no exploitation of man by man,
d. The egalitarian distribution of the scanty food between the members of the commune brought them all to the same level.
e. There was no social classes and social inequality.

f. The state, which exists to sustain social exploitation and inequality, is non-existent.

Their economy was mainly based on hunting, farming and fishing on joint basis. With the passage of time, gathering led to the emergence of arable farming as men cultivated grains with nutritional values while hunting gave rise to the breeding of domestic livestock. Arable farming and breeding of livestock became the dominant economic activities towards the close of the era. The switch over to livestock breeding and farming was accompanied by the emergence of a social division of labour i.e. one part of society began to concentrate on agriculture, the other on raising livestock. This separation of livestock breeding from farming was the first major social division of labour in history.

Arable farming and stock-raising required suitable instruments of labour and people began to evolve the use of metal and its implements. They also learned to spin and weave. These new instruments made labour more efficient and people enjoyed better standards of living. (Ryndina*et al*: 1980) However, the main contradiction in this era was primitive man's vital needs and the low level of productive forces that was not sufficient to meet these essentials. The main economic law concentrated on the provision of vital necessities for the members of the community, the means of production being common property and only primitive instruments of labour being available.

Decline in primitive communalism however emerged as the productive forces developed. This led to change in the relations of production and men began to obtain more means of subsistence than were essential for their immediate survival. As communities began to specialise in the production of agricultural and animal products, division set in within the tribes and pastoral tribes as distinct from farming tribes began to emerge. This resulted in variations in produce, which stimulated the need for exchange. Some of the pastoral tribes produced more than the other and in some instances came into conflicts with one another over struggle for land and pasture, which sometimes resulted to war.

Under these conditions, it became possible to employ more workers. Wars prisoner being made into slaves provided them. At first, slavery was patriarchal (domestic) in character, but later it became the basis of a new system. Slave labour led to a further rise in inequality, household using slaves quickly grew rich. Later, as property inequality increased, rich people began to enslave not only captives, but also members of their fellow tribesmen who had become impoverished or were in debt. Thus arose the first class division of slavery into slave owners and slave. Exploitation by man began. From this time on, right up to the establishment of socialism, human history is the history of class struggles.

SELF ASSESSMENT EXERCISE

What were man's first tools under the primitive – communal means of production? (a) Catapult (c) Roughly Cut Stone and Stick (c) Hoe and Cutlass (d) Bow and Arrow

Comment [AU45]: Revisit the self assessment. I guess is theoretical. Kindly refer to the HOD

4.0 CONCLUSION

This unit set out to examine the features of the primitive communal era. It identified as the nature of production relation within the era as well as the social composition of the society. Finally, attempts were made to identify the factor that led to the collapse of the era.

5.0 SUMMARY

The primitive communal mode of production was characterised by the existence of collective ownership of the productive forces. There was also division of labour based on sex and age. The main instruments of production were crude implements such as stone and metal. This era remains the longest existing mode of production in human history.

6.0 TUTOR MARKED ASSIGNMENT

1. Which of the following is not a feature of the primitive communal mode of production? (a) Labour activities were based on simple cooperation (b) There was no exploitation of man by man (c) There was no social classes and social inequality (d) There was a strong state to regulate the affairs of the people
2. What was the condition that occasioned the decline in primitive communalism? (a)As the productive forces developed (b) As industries emerged (c) As school system emerged (d) As capitalists emerged.

7.0 REFERENCES/FURTHER READING

Comment [AU46]: Expand the reference to capture scholars cited in the work. E.g. Marx, Weber, etc.

Ryndina, M.N. Chernikov, G.P. and Khudokormov, G.N. (1980).*Fundamentals of Political Economy.*Moscow: Progress Publisher.

UNIT 2 SLAVE OWNING MODE OF PRODUCTION

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
3.1 Features of the Slave-Owning Mode of Production
4.0 Conclusion

5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The slave owning mode of production replaced the primitive communal mode of production. This structure and functioning of the slave owning mode of production will constitute the main focus of this unit.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Identify the nature of the slave owning mode of production.
(ii) Discuss the functioningof the slave owning mode of production

3.0 MAIN CONTENT

3.1 Features of the Slave-Owning Mode of Production

The growing inequality between people led to the formation of the state as an institution of oppression of the exploited class by the class of exploiters. Thus slavery grew up on the ruins of the primitive communal mode of production. Slavery was the first, most flagrant and avert form of exploitation. It existed virtually everywhere. The slave owing system reached the peak of its development in the period from 2nd Century BC to the 2nd Century AD.

The development of the productive forces, the further social division of labour and exchange increased property inequality even more. On the one hand, rich people appeared who concentrated the draft cattle, instruments of labour and money in their own hands, on the other, poor people who become poorer and poorer were compelled to turn to the rich for loans. Usury emerged- the debtor and the creditor. The class struggles of ancient world took the form chiefly of a contest between debtors and creditors, which in Rome ended in the ruin of the Plebeian Debtors. They were displaced by slaves. Rich slave owners began to own hundreds and thousands of slaves. They seized vast areas of land and large slave owing estates. Thus huge numbers of slaves worked in the estates.

The relations of production in slave society were based on the slave owners having in their possession both the means of production (the land, instrument of labour and so on) and the production worker-the slaves. The slaves were considered as no more than a thing; he was completely and undividedly at the disposal of his master. Slaves were called speaking tools. In the eyes of the slave owing society, the slave differed

from the axe or an ox only in that he could speak. In all other aspects, he belonged to his master just as the cattle, land or tools.

The exploitation of slaves was extremely severe. They were treated worse than cattle: they were driven to work by the whip and for minor omissions were cruelly punished or even killed. The killing of a slave was not considered as murder. The slave-owner assimilated the entire product of slave labour, while the slave received the most meager quantity of means of subsistence as to prevent him from dying from hunger and to allow him to continue working for his master. As such, ancient world grew up on the skeleton of generations of slaves.

The slave mode of production contained deep contradictions, which eventually led to its collapse. Above all, the slave form of exploitation destroyed the slaves- the main productive forces of society, so the slaves then rose up against these barbaric forms of exploitation. An influx of slaves obtained through successful warfare was a condition for the existence of the slave economy. The main forces for the waging of wars were the peasant and artisans, who served in the armed forces and bore the burden of the taxes required for waging the wars. Because of competition of large slave labour, however, the peasants and artisans were ruined. This undermined the economic, political and military might of the slave state.

As the slave economy developed, the class struggle between the oppressed and oppressor grew in intensity. This struggle developed into slave uprising against the slave owners. Free peasants and artisans, who were exploited by the big landowners and the slave state, joined the slaves in their uprising. The most significant of the many slave uprisings was that led by Spartacus (74 – 71 BC). Such development led to the final collapse of the slave owing system.

SELF ASSESSMENT EXERCISE

Comment [AU47]: Revisit the above

The growing inequality between people led to the formation of the ___ as an institution of oppression of the exploited class by the class of exploiters.(a) State (b) Government (c) Society (d) Slavery

4.0 CONCLUSION

This unit examined the nature of the slave-owning mode of production. It located the origin of state and social inequality with the emergence of slavery. Specifically, it identified the two social classes in this era as the slaves and slave masters.

5.0 SUMMARY

This era replaced the primitive communal mode of production. It is characterised by the existence of social classes and apparent inequality and injustice. The slaves were

subjected to intense exploitation and this led to intense class struggle, which resulted in the collapse of the era and emergence of feudalism.

6.0 TUTOR-MARKED ASSIGNMENT

1. What were slaves called in the slave-owning mode of production? (a) Speaking tools (b) Working tools (c) Labour tools (d) Helping tools
2. Slavery grew up on the ruins of the ___ mode of production. (a) Primitive communal (b) Capitalist (c) Communist (d) Colonial

7.0 REFERENCES/FURTHER READING

Comment [AU48]: Refer to comments above

Ryndina, M.N., Chernikov, G.P. and Khudokormov, G.N. (1980).*Fundamentals of Political Economy.*Moscow: Progress Publisher.

UNIT 3 FEUDALISM

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
3.1 Feudalism: Another Mode of Production
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

Comment [AU49]: Feudal Mode of Production

1.0 INTRODUCTION

The focus of this unit is on the functioning of a feudal society. Attempt is made here to identify the nature and structure of the feudal era as well as the political structure in feudal societies. Specifically, the trends in social formation and nature of the productive forces and relations of production will be examined.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Identify feudalism as an epoch in the evolution of capitalist mode of production.
(ii) Know the basic features of feudalism

3.0 MAIN CONTENT

3.1 Feudal Mode of Production

With the decline of the large latifundia (agricultural estates – the latifundiaof Roman history were great landed estates, specialising in agriculture destined for export) based on slave labour, small ones became more profitable, so the member of freed slaves increased and, at the same time, the latifundia were broken up into small plots worked by Coloni. A Colonus was no longer a slave but a tiller of the soil who received a plot of land for lifelong use and paid a certain amount in money or in kind for this privilege. The Colonus was not a free tenant; he could not leave the plot of land to which he was attached, and he could be sold together with the plot. Coloni were the forerunners of the medieval serfs. Thus, the feudal mode of production began to take shape within the slave owing system.

Comment [DAU50]: Citation?

Feudalism dominated the political structure of the medieval era just as city-states were prevalent in the Greeko-Roman era. However, the structure and processes of

feudalism was unequally developed in different times and places. For instance, the notion of serfdoms existed as early as the 5th century. However, the developed structures of feudalism emerged in the 11th and 12th centuries following the collapse of the Frankish empire. It is sometime estimated that the feudal era lasted for as long as twelve centuries in history.

The feudal epoch was characterised chiefly by land ownership held as ***fief*** (consisted of inheritable lands or revenue-producing property granted by a liege lord, generally to a vassal, in return for a form of allegiance, originally to give him the means to fulfill his military duties when called upon) by ***serfs*** (member of the lowest feudal class, attached to the land owned by a lord and required to perform labor in return for certain legal rights). The productive forces under the feudal era were more advanced than what existed under slave owning mode of production. New productive forces emerged which were later hampered by the narrow bounds of the feudal relations of production. Public officers carried out their functions not only for national interest but also for the gains they anticipate in return usually in the form of land over which they exercise full jurisdiction. In a number of cases, a substantial part of the land went to the military leaders, the strongest of whom later became kings. The military leader handed over the seized land to their combatants for lifelong use, and later as inheritable property together with the peasants living on it.

Comment [AU51]: Revisit this. Get a better phrase that will convey the message proper

One underlying feature of the feudal era is the fact that in a period of order and threats of anarchy in medieval European societies, large political and economic units were usually impossible. As such, government tended to be restricted to a small size by modern or Roman standards. Consequently, there was a focus on the system of agriculture, which made the village community and its dependent farmlands almost self-sufficing. In this situation, land emerged as a very crucial factor and important source of wealth in the feudal era. The effect of this was that every individual, including the King and his fighting forces derived their social, economic and political status and right from their relationship to land.

Interestingly, the control of land became the preserve of a small community in the form of villages, which also exercised customary regulations and minor police functions. The control of government and organisation of society became fundamentally local. This is because the existing state of disorder and primitive means of communication created difficulties for the emergence and functioning of a large central government in even elementary duties as the protection of life and properties.

The plots of land handed out on these terms were called fief, and the people who received them-feudal lords. Those who received land sometimes had to do military service. The land continued to be worked by small serf or peasants but they were now personally dependent on their new masters. The peasants have no right to move outside the jurisdiction of the property owners. They work constantly on the land for

the lord who had the seal of ownership and to whom they must give part of their surplus value. This explains why the feudal era is described as an era, which its legal principle was a system of land-tenure in which ownership was displaced by something like leasehold.

In the feudal era, the man of small power became the dependant of someone strong enough to protect him. He was at the same time engaged in a personal relation and property relation. The personal relations emphasised loyalty and reverence of the vassal to his superior. It however operated to withdraw the loyalty of the lesser ranks from the king to their immediate overlords. On the other hand, the property relation was more of a contract in which the two parties retained each of his private interests and cooperated because it was mutually advantageous to do so. In each of these relations, the small man obligates himself to render services to the great man in return for protection. He becomes a tenant on his land, which he in most instances offers for his protection. The property and power of the strong man becomes enhanced and he offers his protection to the serf. Similarly, the conditions of service and protection could also be reversed as a king could grant his land to a tenant who would make a return in service or rent (Sabine and Thorsonm, 1973).

Another remarkable feature of a feudal era is the pattern of structured vested interest which runs through the community. Structurally, the king is the sole land owner and his barons are tenants of the king and land owners by virtue of land which the kings extends to them for special services rendered. The barons will in turn have tenants on the land granted to them by the king while the serfs are at the bottom of the ladder. It is also expected that the baron will raise some number of men for the feudal army to the service of the king and each baron was to command his own men.

Under feudalism, an individual became servants first to the lord before the state and the relationship between the individual and state were at best secondary. This is because the individual's civic duties were first subsumed in his relationship with the feudal lords whose duty it was to protect his serfs. Those who have no fief have no lords and therefore have no rights as they have no lord to protect them. Quite often, these individuals were not considered as citizens.

It is important to note that the grant of tenant sometimes carried with it the right to administer justice in his barony with immunity from interference from the king's officers. Consequently, the lords have governmental powers to operate individual manorial courts that decide among others issues relating to land titles, taxation and sometimes, monetary issues. However, the kings were slow to grant such powers and often hesitated where they could avoid it. The court of a lord and his vassals was the typical feudal institution. It was essentially a council of the lord and his men for the settlement of disputes arising among them in the course of implementing their contract.

The feudal lords' private ownership of the land and his partial ownership of the serf provided the basis for the relations of production in feudal society. The serf was not a slave for he had his own household. Alongside the property of the feudal lords, there existed the property of the peasants serfs and craftsmen-tools and their private holdings. Generally, the working time of the peasant serf was divided into the *necessary time* and *the surplus time*.

Comment [DAU52]: Citation key. Whose work?

During the *necessary time*, the peasants produced what was needed for the subsistence of his family. During the *surplus time*, he created surplus products, which were appropriated by the feudal lords in the form of land rent (labour, rent in kind or in money). The exploitation of the peasant serfs in the form of land rent constituted the main feature of feudalism. The feudal lords could not kill their serfs but could sell them. As such, there was a non-economic coercion of peasant serfs to work for the feudal lords.

It is remarkable to also observe that under feudalism, the king related to his subjects only at second or third hand especially as it relates to the three great instruments of political power- army, revenue and administration of justice. It is also noteworthy to state that the relation between the *serf* and his lord were usually mutual even though it remained unequal. For instance, the vassal (that is, one who enters into mutual obligations with a monarch, usually of military support and mutual protection, in exchange for certain guarantees, which usually include the terrain held as a fief) owed the lord the duties of loyalty and obedience, military service, periodic payments and attendance to the lord's court. The lord on his part was obligated to give aid and protection to his vassal and to abide by the customs or the charter, which defined the vassal's rights and immunities.

The end of the era began with the rise of the trading cities in the twelfth century even as many of the important political consequences of feudalism appeared after that date. The peasantry oppressed by feudal exploitation was unable to increase agricultural output since the productivity of the serfs was low. In the towns, the growth of artisan's labour productivity came up against obstacles raised by guild rules. All this required the elimination of the old relations of production and the establishment of new ones, free from the feudal bondage.

The entire history of feudalism was one of fierce struggle between peasants and feudal lords, and this struggle became intense with feudal uprising which shock the foundations of the feudal epoch. This struggle against the feudal lords was championed by the emerging bourgeois class who made use of the serf uprising to seize political and economic power. The advent of industrial revolution which ushered in new means of production and productive forces eventually led to the end of feudal epoch. Thus, signaling the advent of another mode of production called capitalism.

SELF ASSESSMENT EXERCISE

What is the main characteristic of the feudal epoch? (a) Land ownership (b) Class struggle (c) Class antagonism (d) Food production

Comment [AU53]: As above

4.0 CONCLUSION

This unit explored the nature and meaning of feudalism and how political leadership was organised under the feudal era. It identified the nature of relationship between the various social classes under feudalism and the strategic relevance of land to the socio-economic and political rights of the people. The feudal epoch ended with the emergence of new systems of social relations and advent of industrial revolution, which ushered in the capitalist mode of production.

5.0 SUMMARY

The feudal mode of production succeeded the slave owning society. Specifically, it was based on individual's relationship to land. The demise of feudalism created room for the emergence of capitalism.

6.0 TUTOR-MARKED ASSIGNMENT

1. Under feudalism, the relationship between the individual and state were at best ___. (a) Secondary (b) Complementary (c) Predatory (d) Primary
2. What ushered in ushered in new means of production and productive forces that eventually led to the end of feudal epoch? (a) The advent of industrial revolution (b) The advent of the capitalist mode of production (c) The advent of greed among the political class (d) The advent of class division

7.0 REFERENCES/FURTHER READING

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UNIT 4 CAPITALIST MODE OF PRODUCTION

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
    3.1 Capitalist Mode of Production
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit examines the nature of the capitalist mode of production. Specifically, efforts will be made to highlight the nature of production relations and forces of production in a society dominated by capital. Similarly, the unit will also enumerate on the contention between the propertied class and the exploited workers.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain capitalist mode of production.
(ii) Explain the condition necessary for the collapse of the capitalist mode of production

3.0 MAIN CONTENT

3.1 Capitalist Mode of Production

The capitalist mode of production emerged during the last stage of feudalism. Its development has gone through two stages: pre-monopoly capitalism and monopoly capitalism or imperialism. Both of these stages have the same economic basis namely:

a. Private ownership of the means of production and
b. Exploitation of wage labour.

There however exist differences between pre monopoly capitalism and imperialism. Pre-monopoly capitalism is the period in the development of capitalism when there was free competition and the productive forces developed more or less smoothly. In USA, Britain, France and other developed countries, pre monopoly capitalism dominated until the last thirty years of the 19th century.

Since 1870 onwards, processes began to develop in the economies of the capitalist countries that gave pre-monopoly capitalism new features. Monopolies began to play the decisive role in the economic life of the capitalist countries. At the turn of the century, pre-monopoly capitalism turned into imperialism, which Lenin described as the highest and last stage in capitalism.

Comment [AU54]: Source or cite Lenin work

In his examination of the nature of capitalism, Marx began his analysis with the notion of commodity. He contends that under capitalism, everything, from the smallest pin in a huge factory, and even man's labour power is bought and sold or as the economist put it, takes the form of a commodity. The relation between people in society takes the shape of relations between commodities. From this, he posits that the commodity is the economic cell of bourgeoisie society.

Comment [AU55]: Source? citation

Marx and Engel's proved that the division of society into classes is linked with the appearance of private ownership of the means of production i.e. land, mineral and instruments of labour, in a word, everything people need to produce material wealth. One part of the society, the minority, concentrates the ownership of the means of production in its hands and is therefore able to exploit the other part of society, which is deprived of the means of production. The capitalist ownership of the means of production and exploitation of wage labour divides the society into hostile social classes i.e. the bourgeoisie and proletariats.

Comment [AU56]: Source. Citation

Bourgeoisie society is characterized by the existence of two major opposing classes namely;

a. The bourgeoisie and
b. The proletariat.

The bourgeoisie is the class that owns the means of production and used them to exploit the workers in order to derive surplus value. The proletariat is the class of wage workers, deprived of means of production and consequently subject to capitalist exploitation. In fact, the proletariats are seen as commodities, what is in the Marxian parlance as the commodification of labour. There was also in existence, the classes of landowners and peasants, surviving from the feudal system at the early years of capitalism in Europe.

The bourgeoisie and the proletariat are antagonistic classes i.e. they have opposing and irreconcilable hostile interests. In fact, according to Marx and Engels, class antagonism got to its peak under the capitalist mode of production.

Comment [AU57]: Cite the source and reference

As capitalism develops, the proletariats grow in members, become increasingly conscious of its class interests, develops and organizes itself for a struggle against the bourgeoisie. The class struggle waged by the proletariat against the bourgeoisie constitutes a significant feature of the bourgeoisie society.

The irreconcilability of class antagonism that become prominent under the capitalist mode of production led the emergence of the bourgeois state. That is why Marx and Engels defined the state in the Manifesto of the Communist Party as nothing but a committee for the management of the common affairs of the bourgeoisie. To the Marxists, the functions of the bourgeois state are;

a. Protection of capitalist private ownership of the means of production,
b. Facilitation of exploitation of the working people and
c. Suppression of the struggle of the exploited class against the capitalist system.
d. Sustenance of the dictatorship of the bourgeoisie.

Comment [AU58]: Cite a few of the Marxist to justify this segment as the students may refer to the sources to read more on the submission

Even though bourgeois scholars and legal experts with capitalist sympathies, picture the bourgeois state as being above classes and standing above society in general, the Marxists, particularly as a departure from the Communist Manifesto are of the view the state only exist to keep class antagonism in check in favour of the bourgeoisie.

Comment [AU59]: Cite a few of the bourgeois scholars to support the point raised

The bourgeois states main task like that of and any exploitative state consists in keeping the exploited majority subordinated and obedient to the ruling class. The bourgeois state takes different forms (monarchy or republic) and regimes (democratic, fascist or despotic) but its essence is the same – all forms of bourgeoisie state are dictatorship of the bourgeoisie. The capitalist state's aim is to maintain and consolidate the exploitation of wage labour by capital.

Comment [AU60]: Not clear. Clarify

By the multifaceted challenges that will confront the capitalist mode of production, Marx further contends that it will inevitably lead to socialism. His argument is that technological advances enable capitalists to replace workers with machinery as a means of earning greater profits. He observed that the increasing accumulation of capital has two contradictory consequences. For instance, as the supply of available capital increases, the rate of profit on capital falls. At the same time, with fewer jobs, the unemployment rates rise and wages fall. In Marx terms, the reserve army of the unemployed would grow, and the working class would become increasingly impoverished and their working conditions would deteriorate and workers would grow progressively alienated from their jobs. The business climate will become more violent as mass poverty will increase the incidence of under-consumption.

Comment [AU61]: Cite the Marx work

The continued decline in profit margins and investment opportunities at the domestic level will compel the dominant bourgeois class to resort to imperialism. Marx maintained that the capitalist system would not continue with this unbalanced growth forever. As such, he predicted that the increasing inequality would result in the intensification of class consciousness among the proletariats. Finally, a cataclysmic depression will sound the death knell of capitalism which like feudalism, contains the seed of its own destruction.

SELF ASSESSMENT EXERCISE

Which of the following is not a feature of the capitalist mode of production? (a) Private ownership of the means of production (b) Exploitation of wage labour (c) Profit maximization (d) Provision of social welfare

Comment [AU62]: As above

4.0 CONCLUSION

This unit examined the structure and functioning of a capitalist society. It specifically identified the social classes within this era and the nature of relationship between the classes.

5.0 SUMMARY

The capitalist mode of production replaced the feudal era. This era was characterised by antagonistic class struggle between the bourgeoisie and proletariat. This class antagonism paved way for the emergence of the state, which as the Marxist posits worked in favour of the bourgeoisie to keep class antagonism in check. The class struggle cumulated in the dictatorship of the proletariats is expected to lay the platform for the eventual emergence of a socialist society through a victory of the proletariats.

6.0 TUTOR-MARKED ASSIGNMENT

1. According to the Marxists, which of the following is not a function of the bourgeois state? (a) Protection of capitalist private ownership of the means of production (b) Facilitation of exploitation of the working people (c) Sustenance of the dictatorship of the bourgeoisie (d) Elimination of oppression in a class divided society.
2. The continued decline in profit margins and investment opportunities at the domestic level will compel the dominant bourgeois class to resort to ___. (a) Colonialism (b) Exploitation (c) Imperialism (d) Antagonism
3. The two main classes under the capitalist mode of production are (a) Lower and upper class (b) Lord and Serf (c) Capitalist and peasant (d) Bourgeoisie and Proletariat

7.0 REFERENCES/FURTHER READING

Anifowoshe, R. and Enemuo, F. C. (1999).*Elements of Politics.*Lagos: Malthouse.

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UNIT 5 SOCIALIST MODE OF PRODUCTION

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
  3.1 Socialism
  3.2 Communism
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit examines the nature and functioning of a socialist society. It further examines its relationship to the communist mode of production. Specifically, attempts were made to identify the background to a classless society uninhibited by the intricacies of private property.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Know the nature of a socialist society
(ii) Understand the basic features of communism.

3.0 MAIN CONTENT

3.1 Socialism

The classic of Marxism-Leninism discovered the laws governing the emergence, development and collapse of capitalism by studying the course of economic development of society. Socialism is a middle ground between laissez-faire capitalism and central-planning model as evident in communism.

The victory of the Great October Socialist Revolution in Russia in 1917 ushered in a new era in the development of human society and showed that capitalism had outlived itself, that capitalist relations of production had become a major brake on the development of the productive forces. A new society known as socialism was built for the first time ever in the Union of Soviet Socialist Republic (USSR).

Marx had always been optimistic that capitalism must inevitably give way to the new society which he referred to as *Socialism.* He further contended that the replacement

of capitalism by socialism cannot, however, take place spontaneously. The only way that an end can be put to the bourgeoisie system is through a nationwide struggle, a proletarian revolution that deprives the capitalist and their supporters their power and the opportunity to oppress and exploit the proletarian class. As such, he maintained that socialism cannot be realized without revolution. It needs destruction and dissolution. Revolution is needed in order to eliminate private ownership i.e. to take all the basic means of production out of the hands of the capitalist and the bourgeoisie state and transfer them to the whole nation, to establish public socialist ownership.

The transition from capitalism to socialism is governed by laws common to all countries that set out to building socialism. These are:

i. Conquest of political power by the working class and establishment of a dictatorship of the proletariats.
ii. A union of the working class and the bulk of the peasantry and all other strata of the working people.
iii. Elimination of capitalist property and establishment of public ownership of the means of production.
iv. A gradual socialist transformation of agriculture on the basis of cooperation as practiced in the Kibbutz system in Israel.
v. Planned balanced development of the national economy geared to building socialism and communism and raising the working peoples' standard of living.
vi. A socialist revolution in spheres of ideology and culture and the creation of a numerous intelligentsia devoted to the working class and the working people, as well as the cause of socialism.
vii. Elimination of national oppression and establishment of equality of rights and fraternal friendship between nations.
viii. Consolidation and development of the socialist state, defence of the gains of socialism against attacks by external and internal enemies, and
ix. Solidarity of the working class of a given country with that of other countries, i.e. proletarian internationalism.
x. Nationalization of the means of production.

Samuelson and Nordhaus (2002) identified the following features as characteristics of socialism:

Comment [DAU63]: Not in reference. Revisit

a. Government Ownership of Productive Resources. Socialists traditionally believed that the role of private property should be reduced. Key industries such as railroads and banking should be nationalized (that is, owned by the state). However, the enthusiasm of state-owned enterprises has ebbed in many developed democracies in recent times as a result of their poor performance.

b. Planning. Socialists are suspicious of the chaos of the market place and question the allocational efficiency of the invisible hand. They insist that a planning mechanism is needed to coordinate different sectors. In recent years,

planners have emphasized subsidies to promote the rapid development of high technology industries, such as micro electronics, aircraft manufacture and biotechnology; these policies are sometimes called "industrial policies".

c. **Redistribution of Income.**Inherited wealth and the highest incomes are to be reduced by the militant use of government taxing powers; in some West European countries, marginal tax rates have reached 98%. Government social security benefits, free medical care and cradle to grave medical services paid for with progressive taxes increase the well-being of the less privileged and guarantee minimum standard of living.

d. **Peaceful and Democratic Evolution.**Socialists often advocate the peaceful and gradual extension of government ownership- evolution by ballot rather than revolution by bullet.

Comment [AU64]: Not a single source was cited in this beautifully crafted section

3.2 Communism

From generation to generation, working people have dreamed of a happy life, free from slave labour for exploiters. Nevertheless, this dream was not to come true for a long time. People did not know the way to liberation. The great leaders of the working class Marx, Engel's, and Lenin showed them the way to a bright future for mankind, that is, *the Religion of Communism*, that is, (a religion without a god).

Proponents of this ideology maintain that communism fulfils the historic mission of freeing all people from social inequality, from all forms of oppression and exploitation, from the horrors of war, and establishes peace, labour, freedom, equality, fraternity and happiness for all people on earth. Indeed, in the *Manifesto of the Communist Party*, Marx and Engels proclaimed as follows: "Workers of All Nations Unite… You Have Nothing to Lose but Your Chains."

Comment [DAU65]: Year. Pg?

In its evolution, the communist society passes through two stages in its development: the first called socialism (which is seen as the transitory phase from capitalism to communism), and the second, higher stage, called communism. The ultimate goal of the working people's liberation struggle in all countries is to build *Heaven* in communism. Consequently, Lenin proclaimed that as we begin socialist reforms, we must have clear conception of the goal towards which these reforms are in the final analysis directed, that is, the creation of a communist society.

Marx, Engels and Lenin were of the view that the communist socioeconomic formation, which replaces capitalism, will not appear all at once in its final form. They maintained that the communist society cannot be built immediately after the working class has seized political power. The building of communism requires considerable time and hard work by the working class, peasantry and the intelligentsia. Society cannot transfer to communism directly from capitalism. It makes the transition from capitalism to socialism because of a resolute struggle and only then can socialism develop into communism.

Describing the two phases of the communist socio-economic formation in his work, *A Critique of the Gotha Programme,* Marx wrote that socialism and communism constitutes different stages in the economic maturity of the same mode of production. The first stage is socialism, which will be followed by communism. Under socialism, Marx insist that this stage is not a complete communist society that has developed on its own basis, but one that retains in every respect, the blemishes (economically, morally and intellectually) of the old society. Lenin noted that the only scientific distinction between socialism and communism is that the first term implies the first stage of the new society arising out of capitalism, while the second implies the next and higher stage. The development of socialism leads to the second, higher phase-that of communism. This socialism and communism are two stages or phases of the same epoch. The central features of the communist society are summarized as follows:

Comment [DAU66]: No citation of both Marx and Lenin

i. Dictatorship of proletariat
ii. Abolition of private property
iii. Existence of a classless society
iv. The state withers away as an instrument of oppression
v. Social surplus will be shared from everyone according to ability to everyone according to need.

SELF ASSESSMENT EXERCISE

The middle ground between laissez-faire capitalism and central-planning model as evident in communism is called. (a) Socialism (b) Confucianism (c) Imperialism (d) Mixed economy

Comment [AU67]: As above

4.0 CONCLUSION

This unit examined the nature of a socialist society. It also identified the feature and background to the mode of production. The exploration of socialism was extended to highlight the prospects and features of highest stage of socialism, which is referred to as communism.

5.0 SUMMARY

The socialist mode of production in the views of Marx was a step before the ultimate aspiration of the bulk of the working class. This era is characterized by the collective ownership of means of production and exchange and the abolition of private property. Specifically, the communist era, which is the highest stage of socialism, is also described as *heaven* for the working class.

6.0TUTOR-MARKED ASSIGNMENT

1. Which of the following is not a feature of a communist society?(a) Dictatorship of proletariat (b) Abolition of private property (c) Existence of a classless society (d) Primitive accumulation of capital
2. Marx had always been optimistic that capitalism must inevitably give way to the new society which he referred to as (a) Socialism (b) Communism (c) Communalism (d) Democracy

7.0 REFERENCES/FURTHER READING

Marx, K. & Engels, F. (1848).Manifesto of the Communist Party.In K. Marx & F. Engels (Eds.), Selected Works. Moscow: Progress Publishers.

Ryndina, M.N.; Chernikov, G.P. and Khudokormov, G.N. (1980).*Fundamentals of Political Economy.*Moscow: Progress Publisher.

Lenin

Etc.

Comment [AU68]: missing

MODULE 3: Development and UnderdevelopmentDebate

Comment [AU69]: Remove debate. The new title should read " The Concepts of Development and Underdevelopment"

INTRODUCTION

Development is more all-encompassing than growth. It is growth with certain desirable changes. It constitutes a core concern of political economy discourse. This module, which is divided into five units is devoted to the examination of the contending perspectives on development and underdevelopment. Development and underdevelopment are seen as two sides of the same coin. However, the various perspectives of development and underdevelopment present different approaches that can be used to understand the concepts. While the modernisation school of thought sees the current state of underdevelopment of the third world societies as normal as it is a stage in the developmental phase, the dependency perspective argues otherwise.

Unit 1	Understanding the Concept of Development
Unit 2	Modernisation Perspective on Development
Unit 3	Dependency Perspective on Development
Unit 4	Paul Baran's Analysis of Economic Backwardness and Economic Growth
Unit 5	Andre Gunder Frank's Analysis of Development of Underdevelopment and Samir Amin and Unequal Development

UNIT 1 UNDERSTANDING THE CONCEPT OF DEVELOPMENT

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 The Meaning of Development
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

One of the fundamental terms that exist in the vocabulary of political economy is the concept of development. This term has attracted widespread discourse and remains central to the recurrent polemics between the countries of the northern and southern hemisphere. This unit therefore examines the meaning of development. It also highlights the features of a developed society and subsequently contrasted it with the features of underdevelopment.

2.0 OBJECTIVES

At the end of this unit, you should be able to:
(I) Explain the meaning of development
(II) Know the features of a developed society.

3.0 MAIN CONTENT

3.1 Meaning of Development

Writing specifically on development, Duffield conceives it as a normative process of becoming; a series of interconnecting movements leading from poverty and vulnerability to security and well-being (Duffield; 1934:38). Anderson and Woodrow refer to it as a process through which people's physical/material; social/organisational; motivational/attitudinal vulnerabilities are reduced and capacities are increased (Anderson and Woodrow; 1988:12).

To Seers in Todaro and Smith (2009:15), the questions to ask about a country's development are therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of

development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita doubled. Todaro and Smith (2009:16) conceive of development as "a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty." It entails a general improvement in the quality of life and the ability of the people to enjoy unhindered freedom.

In their contribution, Chenery and Srinivasan (1988) identified evident linkage between the concepts of economic growth and development. For them, the former, which focuses primarily on changes in per capita income, though an essential component, does not adequately depict the level of development. This is because, while the GNP per capita can be high, a large proportion of the population may be living far below the average income per capita. (Chenery and Srinivasan: 1988)

Comment [AU70]: Remove. Already cited above

Specifically, the concept of development depicts general improvement in human conditions. It is an attack on the chief evils confronting the modern world today; malnutrition, illiteracy, unemployment, diseases, slums, inequality and insecurity. The challenge of human development aims at enlarging people's choices. The most critical which include the need to live a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect. It is a human-centred process through which man transforms his natural and social environment to enhance his conditions of living. In this process, man transforms himself by acquiring the capacity to live a better, more rewarding and more fulfilling life which he transmits to future generation. From the above, it is easy to deduce that the development and progress of any nation is principally indicated by the extent to which it is able to provide the basic needs of the vast majority of its people. This has resulted in the attempts to measure development by the level of economic output and the standard of living of people.

In his examination of the concept of development, Harris (2000) undertook an analysis of the trends in global development. Here, he observed that as development policies evolved, different approaches were emphasized at different times. The original focus for him aimed at promoting more *productive agriculture* and industrialisations. This trend however changed in the late 1970s to a focus on basic needs – as was advocated by Streeten, MahbubUl Hag *et al.* (1981) Education, nutrition, health, sanitation and employment for the poor were the central components. This new approach reflected an acknowledgement that the benefits of development did not necessarily trickle down to those who genuinely needed them and further inspired the creation of the UNDP Human Development Index (HDI), which utilizes health, and education measures together with GDP to calculate an overall index of developmental successes (Harris; 2000: 3).

The focus on human development is not entirely new. Its ideal dates back to Aristotle and Kant. Aristotle cautioned against judging societies merely by such things as the income and wealth it possesses. For him, the difference between a good political arrangement and a bad one is located in terms of successes or failures in facilitating people's ability to lead flourishing lives. Kant on his part, advocates the need to treat humanity whether in their own person or in that of any other in every case as an end withal, never as means only.

In the 1980s, the focus shifted to '*Structural Adjustments'* with its emphasis on trade liberalisation, elimination of government deficits, and overvalued exchange rates as well as dismantling inefficient parastatals and organisations. This evident shift to structural adjustment for Harris was aimed at correcting some earlier government centred development policies, which had led to bloated bureaucracies, unbalanced budgets and excessive debt. He however noted that critiques of Structural Adjustment Programmes (SAP) have found them at odd with the basic needs priorities as market oriented reforms have often led to greater inequality and hardship for the poor even as economic efficiency improved. From this, Harris concluded that on a global scale, the benefits of development have been unevenly distributed and that there have been major negative impacts of development on the environment and existing social structures.Norgaard (1984: 2) who maintains that modernism in its more recent manifestation as development has betrayed progress also shares this conclusion. Norgaard further contends that while a few have attained material abundance, resource depletion and environmental degradation now endanger many and threaten the hopes of all to come.

Comment [AU71]: Reconsider this. Recast

Comment [AU72]: Remove

The increasing awareness of the challenges to the orthodox conception of development has stimulated yet another dimension to the concept revolving around the variable of sustainability. ***Sustainable development*** is therefore development, which meets the needs of the present without compromising the ability of future generations to meet their own needs. Three significant aspects of sustainable development as identified by Harris are:

Economic

An economically sustainable system which must be able to produce goods and services on a continuing basis, and maintain manageable levels of government and external debt as well as avoid extreme sectoral imbalances which damage agricultural and industrial production.

Environmental

An environmentally sustainable system must maintain a stable resource base, avoiding over exploitation of renewable resources only to the extent that investment is made in adequate substitutes. This includes the maintenance of biodiversity, atmospheric stability and other ecosystem functions not ordinarily classed as economic resources.

Social

A socially sustainable system must achieve distributional equity, adequate provision of social services including health and education, gender equity and political accountability and participation (Harris, 2000:5).

Every nation strives towards development because it acknowledges the primacy of national policy measures and calls for assertive action towards a dynamic and enabling global economic environment. It is part of the myth of modernism and rest on the assumption of the universality of social progress. In its extreme manifestation, development craves for an equitable, secure, non-discriminatory, transparent and predictable multilateral trading system, promotion of investment, transfer of technology and knowledge as well as enhanced international cooperation in the mobilisation and provision of financial resources. This is based on the belief that shared progress is the normal and longterm direction of all social change. The critical variables that indicate development in a country include the following:

i. High per capita income
ii. High incidence of savings
iii. High level of investment
iv. High level of technology
v. High level of literacy
vi. High caloric intake
vii. High standard of living
viii. Low mortality rate
ix. Political Stability.

It flows from the above that underdevelopment implies a negation of these indicators. Principally, underdeveloped countries exhibit the following features:

i. Low per capita income
ii. Low incidence of savings
iii. Low level of investment
iv. Low level of technology
v. Low level of literacy
vi. Low caloric intake
vii. Low standard of living
viii. High mortality rate
ix. Political Instability.

Comment [DAU73]: Sscholars link to this submission?

SELF ASSESSMENT EXERCISE

Which of the following is not an indicator of development? (a) High mortality rate (b) High per capita income (c) High incidence of savings (d) High level of investment

Comment [AU74]: As above

4.0 CONCLUSION

The concept of development is one of the dominant notions in the dictionary of political economy. It features prominently in the analysis of the relations between the North and South in discourses on global economic relations. Concisely, it is about the general improvement in human conditions or what has been described as attack on the chief evils that confront the modern man.

5.0 SUMMARY

This unit examined the concept of development and further identified the differences between the features of development and underdevelopment.

6.0TUTOR-MARKED ASSIGNMENT

1. Which of the following is not a feature of underdeveloped countries? (a) Low mortality rate (b) Low per capita income (c) Low incidence of savings (d) Low level of investment
2. Which of the following is not among the questions to ask in talking about development according to Seers? (a) What has been happening to governance? (b) What has been happening to poverty (c) What has been happening to inequality? (d) What has been happening to unemployment?

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UNIT 2 MODERNISATION PERSPECTIVES ON DEVELOPMENT

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
3.1 Modernisation Perspectives on Development
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Various arguments have been put forward to explain the causes of development and underdevelopment among nations. One of the prominent schools in the unfolding debate is the modernisation school. Its primary logic is that the underdevelopment of states should be traced to the peculiar internal dynamics of that particular country. This unit examines the argument of the modernisation school.

2.0 OBJECTIVE

At the end of this unit, you should able to:
(i) Identify the main thrust of the modernisation perspectives on development

3.0 MAIN CONTENT

3.1 Modernisation Perspectives on Development

The theory of modernisation seeks to identify differences on how societies designated as modernised or relatively modernising societies differ from one another. It also seeks to identify the factors that contribute to the variations and seek to generalise about how the parts of a modernised society interact as one entity. It further compares stages of modernisation and types of modernised societies. Consequently, there existed variations in the definition of modernisation. Some of the variations focused on structural features, such as level of education, use of inanimate sources of energy and fertility. Others focused on attitudes like secularisation, achievement orientations, functional specificity in formal organisation, and acceptance of equal relationships. Some of the arguments of the school are outlined below.

Comment [AU75]: Link the submission with major proponents of Modernization

Scholars in the modernisation school argue that the underdevelopment of the Third World is caused by factors internal to these societies. Specifically, they locate the root

Comment [AU76]: Cite the scholars

of the underdevelopment in the existence of conservative culture and traditional institutions that are not receptive to development. In fact, Sodaro (2008:305) states that "as societies progress from traditional, largely agricultural economies to industrialization, the attitude and values of the population shift as well." The solution that is proposed is that developing countries of Africa, Asia and Latin America must modernise their traditional culture and social values to make them conducive to social development and good governance. To this end, the modernisation theory asserts that "the economic underdevelopment cannot be overcome until the society in question abandons its traditional social and institutional structures, along with their accompanying attitudes and behavioural pattern."

Other factors include the predominance of affective orientation and primordial attachment. They assert that Third World producers exhibit attitudinal and personality variables thathinders innovation. Their argument is that a society with high achievement motive is likely to be innovative, demonstrate entrepreneurial drive and hence high level of economic development. On the other hand, traditional authoritarian societies that are prevalent in many Third World countries stifle the innovative personality that stimulates economic growth.

Another argument of the modernisation scholars is that there also exist socio-cultural determinants of the motivational and innovative behaviours that propel development. The emphasis is partly on the socio-cultural conditions that enhance the capacity of an economy to save and invest a larger proportion of its net income that was hitherto possible. These conditions are compartmentalised into polar extremes of universalism or particularism, achievement or ascription, specificity or diffuseness, affectivity or affective neutrality and self-orientation or achievement orientation. The argument drawn from these variables is that industrialised nations achieved their high level of development because they exhibit social and cultural behaviourscharacterised by universalism, achievement, specificity, affective neutrality and self-orientation. On the other hand, developing countries exhibit the opposite variables, which include particularism, ascription, diffuseness, affectivity and collective orientation.

Scholars of this school further observe that the political leadership of many modernising societies are often confronted with the problem of how best to adapt traditional culture of their societies to appropriate from the opportunities afforded by modern knowledge. Many of these societies are yet to effectively digest and appropriate from the new knowledge provided by modern technology. They have also not been able to successfully consolidate the modernising leadership through the transfer of powers from traditional to modern leadership. Furthermore, the Third World countries are still struggling with the challenges of economic and social transformation that require the shifting of loyalties from traditional institutions to the nation-state system and are consequently undergoing the crisis of integration and national identity. Rostow (Year) shares this orientation and maintained that the bulk of the Third World countries are still at the early stages of development. He outlined five stages, which societies pass through in their progression. These are traditional

Comment [AU77]: Revist

stage, pre-condition to take off, take off stage, drive to modernity and the stage of high mass consumption. Each of these stages has its own peculiar challenges and adjustments. Rostowopined that development must follow this pattern and that the underdevelopment of the Third World is caused by the fact that the social and economic systems of these societies do not motivate or encourage entrepreneurial spirit.

In the heat of the modernisation debate, there existed two contending approaches to modernisation. One identified steps along a uni-linear path. This approach assumed a high degree of individualism, democracy and an economy that allowed for little state intervention. This extreme form assumes that the history of late comers to the modernisation process is irrelevant and that they can best achieve economic growth and development by rapid democratisation and copying of western institutions, and that notions of social relationships are destined to become much as they are idealised in the United States. Critics insisted that this approach was the essence of modernisation. Another approach looked at the diversity in societies along the path of modernisation and how historical legacies shape divergent paths to political and other institutions.

Comment [AU78]: Cite scholars from the perspective or that support this approach

Scholars of dependency school who posit that there exist much more than internal contradictions within the Third World states in understanding the persistence and incidence of underdevelopment in the societies have criticized the modernisation school. Critics debunk the watertight stereotype of "traditional" and "modern" societies by arguing that the case of Japan and Britain demonstrate that modernity does not necessarily lead to the abandonment of traditional practices. Similarly, the Soviet Union opted for a state engineered pattern to modernisation, which concentrated on science and technology in education and the work place in order to advance new elite while providing social benefits to motivate a broader mass of the population.

Comment [AU79]: Cite scholars

Finally, modernisation scholars have also been accused of being unable to be specific in supporting explanations to establish it as a powerful set of generalisation for social science analysis.

SELF ASSESSMENT EXERCISE

Which of the following is not a structural feature of the modernisation perspective of development? (a) Secularisation (b) Achievement orientations (c) Functional specificity in formal organisation (d) Institutional fragility.

Comment [AU80]: As above

4.0 CONCLUSION

Modernisation school focused on the internal dynamics of states as central to understanding the disparities in levels of development. The school made remarkable

impact in the attempts to explain development and underdevelopment, however, the some logics of the school is criticised as rather feeble for generalisations.

5.0 SUMMARY

Despite its shortcomings, the modernisation school remains useful in attempts to explain the development problematic in the bulk of the Third World. The observable shortcoming opens another perspective to the development debate. This vacuum is what dependency scholars sort to fill.

6.0 TUTOR-MARKED ASSIGNMENT

1. The theory that seeks to identify differences on how societies designated as modernised or relatively modernising societies differ from one another is called___. (a) Modernisation theory (b) Development theory (c) Theory of the developmental state (d) Socialization theory.
2. According to scholars in the modernisation school, the underdevelopment of the Third World is caused by ___ (a) Factors external to these societies (b) Factors internal to these societies (c) Factors peculiar to these societies (d) Factors inimical to these societies.

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UNIT 3 DEPENDENCY PERSPECTIVE ON DEVELOPMENT

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
3.1 Dependency School on Development
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The dependency school constitutes another dimension in the intellectual perspective to the development and underdevelopment debate. This unit focuses on the argument of the dependency school of thought.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Identify the main arguments of the dependency school on development and underdevelopment.
(ii) Discuss the contemporary utility of the arguments of the dependency and underdevelopment school of thought

3.0 MAIN CONTENT

3.1 Dependency School on Development

Ghosh (2001:1) described dependency as a form of unequal international relationship between two sets of countries. One set of countries is called the centre or metropolitan centre; and the other set of countries is called the periphery or satellite. The centre in this case represents developed capitalism while the periphery represents underdeveloped regions of the world. He further asserts that dependency is a kind of mechanism, which can explain the causes of economic development and underdevelopment. The essential doctrinal kernel of this theory is that the external forces, which are nothing but the central capitalism, condition the social and economic development of the Less Developed Countries (LDCs). Specifically, the

metropolitan countries are the more powerful capitalist nations. These countries are geographically located in the northern hemisphere whereas the LDCs are located in the southern hemisphere. This accident of nature has led to the notion of North-South dichotomy in development calculus.

The main endeavour of this school is that to understand the phenomenon of underdevelopment, the specific historical experiences of the underdeveloped countries in terms of the mode of their incorporation into the international capitalist economy, their functions within it and the mechanism for sustaining the conditions of underdevelopment must be considered. This is borne out of the apparent inability of theories of imperialism to provide credible explanations for the persistence of underdevelopment in many post-colonial states in Africa and elsewhere. Bodenheimer (Year?)captures this line of thinking when he described dependency as the obverse side of a theory of imperialism.

Comment [DAU81]: Year of publication

The argument is that underdevelopment is the result of the dependent and asymmetrical relationship between the Third World and industrialized nations. They further maintain that the backwardness of developing economies can be explained by exploring the process through which western capitalism broke into the indigenous pattern of development and its effects on the pattern of growth and development in these societies.

Comment [DAU82]: Who? Be specific and cite the scholars to support the submission

Ghosh maintains that the dependency school is originally Marxian in character because it is based on the concept of exploitation of the weaker LDCs by the developed capitalist countries. Furthermore, the dependency approach tends to explain the development of underdevelopment in Third World countries with reference to capitalistic framework of the centre. Scholars in this school include Paul Baran, Andre Gunder Frank and Samir Amin. The theory has so far attracted several explanations or nuances that have tremendously reduced the original Marxian undertone. Such interpretation includes the emphasis on exchange relations as against the Marxian tradition of production relations. This explains why the dependency theory is classified as a Neo- Marxist or Radical theory.

Specifically, the dependency theorists especially from Africa maintain that the triple tragedies of **slave trade**, **colonialism** and **neo- colonialism** are vital to understanding the incidence of underdevelopment in the Third World especially in Africa. The argument is that these phenomena distorted and disarticulated the domestic economies of the bulk of Third World economies such that instead of capitalism facilitating economic expansion and development of these societies, it contributed more to stagnation of most Third World economies. Consequently, these countries now occupy a disadvantaged position in the international division of labour and exchange.

They further contend that this historical process, which led to underdevelopment in the Third World societies, is the same historical process that facilitated development in the developed economies of Europe and America. For instance;

a. Slave labour was forcibly uprooted from Africa to cultivate wealth for Europe and America.
b. Colonialism, which succeeded slave trade specifically, used Africa as sources of raw materials and market for western trade.
c. The end of the colonial era was succeeded by the advent of neo-colonialism, which is geared towards perpetuating western economic advantage of the underdeveloped economies through the activities of multinational corporations, international financial institutions and general agreements on trade.

Dependency scholars further contend that it will be extremely difficult if not impossible for development to be achieved in underdeveloped countries by the diffusion of capital, institution and values of the international metropole. This is because the underdeveloped countries serve as satellites for the metropolitan centres in the Western world, which extract capital and economic surplus from the satellite countries, which is subsequently channeled out for the development of western economies. The implication of this is that the development of Third World economies is limited by their satellite nature status and that these economies can only develop if they are able to extricate themselves out of strangulation by the western metropolis.

From another perspective, dependency scholars further trace the unequal development in the global economy to the capitalist system of division of labour, which restricts the underdeveloped countries to the production of non-industrial goods. They contend that this system perpetuates unequal exchange relationship, which has serious implications for the underdeveloped nature of most Third World economies. The argument here is that peripheral countries receive less for their exported primary products when measured in terms of expended person-hour relative to the cost of imported products that took the same time to produce. The ensuing unequal exchange will therefore perpetuate underdevelopment gap between the centre (developed economies) and the periphery (developing economies) of the global capitalist system.

Generally, the theory of dependency can explain the global operation of the capitalist system during the neocolonial era while also accounting for the presence of some colonial features of the LDCs, and the dependence of the LDC on the developed capitalist countries for the development of the LDCs. In the views of Santos (1970: 289-90), dependency arises because some countries can expand through self-impulsion while other which are dependent can only expand as a reflection of the dominant country which may have positive or negative effect on their immediate development. Santos further maintain that dependency is a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of other more powerful and developed group of countries. The endeavour of dependency theorists is geared towards providing explanation for the

persistence of this asymmetrical relation even after the attainment of political independence by these countries.

In line with the dependency paradigm, countries are classified into two opposites systems, which interact on basis of dependency and exploitation. This classification for Ghosh is the macrocosmic and the microcosmic systems. The macrocosmic system represents the advanced capitalist economies, which influence and steer the microcosmic system comprising of LDCs. The macrocosmic system is more powerful, stronger and better organised. This system usually subsumes the microcosmic system, which is rendered weak, porous and economically vulnerable.

The significant features of these systems are outlined below:

Microcosmic System	**Macrocosmic System**
Pre-capitalist in orientation	Capitalist in orientation
Poor and backward	Advanced and rich
Producer of primary products	Importer of raw materials
Importer of finished products and technology	Producer of finished products
Poor capital base	Rich capital base
Cheap and abundant labour	Labour is scarce and expensive
Lack basic technology	Possess advanced technology
Dependent on the macrocosmic system	Relatively independent

Comment [DAU83]: Put the source at the bottom

Accounting for the incidence of core-periphery relations, Ghosh (2001:5) maintains that development and underdevelopment are the two processes of the same world-wide integrated capitalist system. For him, the core draws away surplus from the periphery, and as a result, the core becomes developed and periphery becomes underdeveloped. From this, he asserts that underdevelopment is a historical stage in the development of capitalism, which can be explained in terms of the relations of domination in exchange. The ensuing domination mainly manifest in extracting the surplus from the LDCs. The result is the widening of existing inequalities between the core and periphery. It is based on this that he maintained that the development of the periphery is possible only when its relationship with the centre is severed through what is called 'delinking' from international capitalism.

Ghosh further identified various ways through which dependency manifest. These are technological dependence, economic and financial dependence, the resort to aid from developed capitalism to settle adverse balance of payment problems, the inability of the LDCs to chart out and follow an independent policy of capital accumulation and the apparent dependence of the LDCs on the developed economies for the sale of the former's raw materials and primary products. This tends to give credence to the assertion that without the aid of the developed capitalist countries that it is almost impossible for the LDCs to develop.

Comment [DAU84]: Year and page of the rich info from Ghosh

SELF ASSESSMENT EXERCISE

Which of the following is not part of the triple tragedies vital to understanding the incidence of underdevelopment in the Third World especially in Africa? (a) Slave trade (b) Free trade (c) Colonialism (d) Neo- colonialism

Comment [DAU85]: As with other SAE

4.0 CONCLUSION

Dependency scholars traced the development problematic of Third World countries to the external factors. Specifically they contend that the persistence of underdevelopment is the inescapable consequence of the slave trade, tragedies of colonialism and neo-colonialism of these societies by developed countries of the West. It is their position that these problematic are consistently being perpetrated in contemporary era through the unequal exchange relations in the international capitalist system.

5.0 SUMMARY

This unit examined the argument of the dependency school concerning development polemic. It highlighted the various arguments of dependency scholars and the criticisms against the school of thought.

6.0 TUTOR-MARKED ASSIGNMENT

1. According to underdevelopment and dependency theorists, dependent and asymmetrical relationship between the Third World and industrialized nations resulted to the ___ of Third World Societies. (a) development (b) Poverty (c) Inequality (d) Underdevelopment
2. Development and underdevelopment are the two processes of the same world-wide integrated ___ system(a) Specialist (b) Capitalist (c) Socialist (d) Communist

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Santos, D. (1970). "The Structure of Dependence."*American Economic Review.*

Comment [DAU86]: Consistency in reference.Ghosh ()year)

Comment [DAU87]: Lenin, Gunder Frank, Marx, etc. mentioned without citation

UNIT 4 PAUL BARAN' ANALYSIS OF ECONOMIC BACKWARDNESS AND ECONOMIC GROWTH

Comment [DAU88]: Guess this is what you intend to write

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
3.1 Paul Baran's Analysis of Economic Backwardness and Economic Growth
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Paul Baran is unarguably one of the foremost scholars who sought to explain the phenomenon of dependence. Baran's ideas were expressed in the following works; "On the Political Economy of Backwardness" in *The Manchester School* (January 1952), *The Political Economy of Growth* and in *Monopoly Capital*, a book he wrote with Paul M. Sweezy. The central argument and logics expressed by Baran are discussed to give a good understanding of economic backwardness and economic growth below.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Know the major ideas of Paul Baran on economic backwardness and economic growth
(ii) Understand the concepts of economic backwardness and economic growth

3.0 MAIN CONTENT

3.1 Paul Baran's Analysis of Economic Backwardness and Economic Growth

Paul Baran is one of the advocates of the Underdevelopment and Dependency Theory (UDT). Baran conceives the world as comprising of developed and backwards capitalist countries as well as socialist countries, which interact with one another. For him, development and underdevelopment are polar extremes of the process of worldwide accumulation. Baran observed that whereas capitalism expanded productivity and material welfare in the western world, in the eighteenth and nineteenth centuries, it brought stagnation in others parts of the world. Put differently,

Comment [DAU89]: (Year and page of Baran work)

capitalism generated enormous surplus that facilitated development in many states in Europe, it facilitated the exploitation and siphoning of the wealth of the LDCs in other parts of the world. This led to growth in the metropolitan countries but frustrated economic development in the periphery or satellite countries.

Baran analysis demonstrates that neither development nor underdevelopment could be understood in isolation from the global interaction between countries of the core and periphery. Specifically, countries of the core and periphery have had to face different historical processes of economic evolution based on domination and exploitation of the periphery by the core. The logical consequence has therefore emerged economic development of the LDCs will remain directly inimical to the dominant interests of the core capitalist countries because the exploitation of the LDCs constitutes an important platform for the economic development of the core. Consequently, while such asymmetrical relations could support growth in the countries of the core, the reverse is the case in the periphery.

Writing on growth, Paul Baran defined it as the increase of per capita material goods over time. This signifies growth in quantitative terms. He further identified three sources of growth. First, growth may be achieved by fully utilising the unutilised resources like population, land, capital and others. Secondly, growth can also be achieved by making some organisational changes. Such changes will involve the shifting of resources from less productive uses to more productive ones. Finally, growth can also be achieved by providing better technology and capital (Ghosh 2001: 29) Economic growth in the views of Baran depends essentially on the accumulation of surplus and its proper utilisation. He subsequently identified three types of economic surplus. These are actual economic surplus, potential economic surplus and planned economic surplus.

Comment [DAU90]: Cite the work (Year:page)

a. Actual economic surplus is the difference between society's actual current output and its actual current consumption.
b. The potential surplus is the difference between what the society could produce in a given natural and technological environment with the help of employable productive resources, and what might be regarded as the necessary consumption. Potential surplus is actually bigger than the actual surplus in a capitalist society.
c. Planned surplus is the difference between the society's optimum output attainable in a historically given natural and technological situation obtainable in a planned economy and the optimal volume of consumption. Planned surplus is relevant in a planned economy under socialism (Ghosh, 2001: 29-30).

Under socialism, economic surplus is not determined by the consideration of profit maximization but by the stage of historical development and also by the degree of development of productive forces and the structure and growth of human needs. Baran maintains that the real important concept is not the *actual economic surplus* but the *potential economic surplus.* The concept of potential economic surplus includes

the consumption spending of the state and the unnecessary consumption of the workers and capitalist. Potential surplus can be used for economic development with a different organisational set up. For Baran, potential surplus usually rise during the development of monopoly capitalism.

It is significant at this point to distinguish between surplus value as expressed by Karl Marx and the notion of surplus as expressed by Paul Baran. One significant difference is that whereas Marx expressed surplus value in relation to the ownership of means of production, Barananalysed surplus in relation to the consumption needs of the society and more specifically to the development of underdevelopment in the global capitalist system. He argued further that the core capitalist states increasingly generate surplus while it fails to provide consumption and investment outlets required for its absorption. Rather, they impose a particular form of development on the global satellites, which ensure that the economic surpluses produced are accumulated by foreign multinationals and the domestic comprador class to the detriment of the LDCs. He insists that it is the loss of surpluses by the periphery that make such countries underdeveloped.

Furthermore, Baran contends that the LDCs are underdeveloped because they have lower production and because the degree of utilisation of human and material resources has also been lower in those countries. It is his position that the incidence of economic stagnation in the periphery is the inescapable consequence of the capitalist framework that exists in their economies. This capitalist framework is responsible for poor size of economic surplus in the LDCs. In addition, these countries have low capital endowment, low productivity, low savings and rapid growth of population. Furthermore, the inflow of foreign capital into the LDCs is usually designed to extract surplus from them by the core capitalists.

Comment [DAU91]: (year of publication) This is Baran's position not yours

Similarly, the introduction of the periphery into the global capitalist system also stimulates economic and social tensions, which disrupt the prevailing order in the periphery. It further substitutes the paternalistic relationships, which existed in these countries with market contracts that compel them to produce raw materials needed in the metropole and to become market for finished products of the core capitalist economies. The outcome was an amalgam of the worst features of feudalism and capitalism which in effect blocked all possibilities of economic growth in the LDCs. (Ghosh 2001: 32)

In the LDCs, majority of the population depend on agriculture but the share of surplus that accrue to the landowning class was not utilised for economic development rather it was utilised in excess consumption. The landowning class spends huge amount for conspicuous consumption on luxury articles, on servants, on entertainment and travels. The landed aristocracy does not spend money for the improvement of agriculture. Worst, the small farmer is unable to introduce modern technology due to lack of funds and small size of land owning. This situation is further compounded by

the introduction of capitalism into the domestic economy, which finally destroys what is left of the traditional cottage and handicraft industries.

The consequence is that the introduction of the monopolistic type of industry, which accompanies capitalism into the domestic economy of the dependent country, puts an obstruction to the growth of industrial capitalism. Here, the transition of capital from the sphere of circulation to the sphere of production becomes difficult while agricultural growth becomes stagnant and this leads to structural unemployment. The point here is that since economic surplus is not utilised for economic development, the economy is only able to generate low level of surplus. This adversely affects the development of such countries.

Baran further identifies the lack of investible fund and lack of investment opportunities as the very serious problems that pose constraints on economic development in underdeveloped countries. Baran associates this to the fact that investments in those countries were simply a new experience and that large investment is dependent on already existing investment, which were then lacking in those countries. In addition, Baran argued that the prevailing uncertainty in such states such as strikes, uprisings and guerrilla warfare frustrate the inflow of investment.

Comment [DAU92]: Recast. Which is the beginning point of Baran's position that further this thought? Likewise, the yaer and page of the work?

Baran's (year, pg.) analysis identified four popular fallacies often cited in discussions on obstacles of economic development. First, he debunks the notion that the lack of entrepreneurial talent is one of the main obstacles in LDCs. Secondly, he rejects the notion that LDCs lack capital. Rather, he maintains that the potential surplus in LDCs is quite large. Third, Baran does not agree with the popular belief that population problem is a serious menace to economic development in LDCs. Rather, he posits that relative overpopulation can be judged only with reference to the means of production. Finally, Baran does not agree that the falling terms of trade are responsible for economic underdevelopment. (Ghosh 2001: 35).

Comment [DAU93]: As highlighted

The central points of Baran's analysis are as follows:

1. The main obstacle to rapid growth of LDCs is the way in which their potential surplus is utilised. I. e. much of the potential surplus is not realised.
2. Much of the realised economic surplus is misused by those who appropriate it.
3. Genuine efforts to overcome underdevelopment in the LDCs are usually frustrated by the animosity of imperialism especially as core capitalist countries strive to perpetually dominate the periphery.

Baran (year, pg.) extended his analysis by exploring the possibilities of economic development of underdeveloped countries. He postulated that the establishment of a socialist planned economy through social revolution is essential for economic and social progress of underdeveloped countries. He however notes that this will certainly be confronted by the hostility of the imperial power. He also maintains that it is

Comment [DAU94]: As above

necessary to mobilise the potential economic surplus of a country. This will necessitate the application of such measure like the expropriation of foreign and domestic capitalists, landowners, elimination of capital drain, restriction of consumption, flight of capital to foreign countries. Similarly, the importation of non-essential commodities should be banned while transfer of funds should be restricted. These measures in his view will generate sufficient resources for the generation of new productive employment.

It is his view that in a planned economy, there will be the growth of planned economic surplus, which can be equitably, distributed among the population of the country in such a way that it leads to optimum social and material development of the country in the long run. Likewise, agricultural development can be achieved by the use of improved seeds, improved methods of irrigation and the improved usage of better inputs like fertilizer. These measures will be complemented with the introduction of modern type of machinery, power and schemes of specialisation.

He further suggested that the government could also take up lines of production, which are not favoured by the private sector and later encourage competition. The state also has to put in place the critical infrastructures that will facilitate further profitable investments. In addition, there is the need to check the inflationary pressure through proper monetary and fiscal policies. This will be complemented by a proper type of progressive taxation for controlling inflation and eliminating wasteful consumption and expenditure on non-essential activities. Finally, the government has to open technical schools for imparting skill and growth of human capital formation.

It is important to highlight some of the criticisms, which Baran's analysis has attracted. First, his focus on economic surplus in examining the global capitalist system instead of surplus value is criticised as departing from the Marxian tradition. Secondly, it is practically difficult to distinguish between potential surplus and planned surplus. Third, it has been criticised as hinging on the theory of distribution. Fourth, Baran's emphasis that one of the causes of underdevelopment is low saving and high consumption has been condemned. Baran has also been criticised for not properly relating the facts of exploitation of the LDCs by the developed capitalist countries to the aid, trade and exchange relationship between them. Finally, he was also criticised by western scholarship for advocating the establishment of a socialist state.

Comment [DAU95]: Reason for the condemnation is important for better understanding of the postulation

Comment [DAU96]: Mention one or two scholars form the western school that criticize Baran's postulation

SELF ASSESSMENT EXERCISE

What in accordance to Paul Baran did capitalism brought about in the western world in the eighteenth and nineteenth centuries? (a) Imperialism (b) Expanded productivity and material welfare (c) Stagnation (d) Colonialism

Comment [DAU97]: As other SAE

4.0 CONCLUSION

Baran's analysis sought to generate explanation for the incidence of economic backwardness and economic growth. He identified some of the factors that sustain backwardness in LDCs as the misuse of economic surplus and the gluttony of advance capitalist countries to perpetuate their exploitation of surpluses from the periphery. He recommended among other prescription, the intervention of the government into the functioning of the economies of the LDCs.

5.0 SUMMARY

Baran's work explored the development of underdevelopment in the LDCs. He applied the notion of economic surplus for his analysis and discovered that the development of the LDCs can only be possible if they consciously strive to free their economies from the exploitative grip of the advanced capitalism working in concert with the local compradors. It is important to note that Baran's analysis attracted several criticisms.

Comment [DAU98]: Give a picture of the critisms or summary in just a sentence

6.0TUTOR-MARKED ASSIGNMENT

1. Which of the following is not a type of economic surplus according to Paul Baran? (a) Actual economic surplus (b) Accurate economic surplus (c) Potential economic surplus (d) Planned economic surplus.
2. Which of the following in not a critique levelled against Paul Baran? (a) His focus on economic surplus in examining the global capitalist system instead of surplus value is criticised as departing from the Marxian tradition. (b) It is practically difficult to distinguish between potential surplus and planned surplus. (c) It has been criticised as hinging on the theory of distribution. (d) It has been criticized for downplaying western magnanimity in the economic growth of the Third World.

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UNIT 5 ANDRE GUNDER FRANK'S ANALYSIS OF DEVELOPMENT OF UNDERDEVELOPMENT AND SAMIR AMIN POSTULATION ON UNEQUAL DEVELOPMENT

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
  3.1 Andre Gunder Frank's Analysis of Development and Underdevelopment
  3.2 Samir Amin'sPostulation on Unequal Development
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit examines the main highlights of Andre Gunder Frank's thesis on the development of underdevelopment and Samir Amin postulation on unequal development. It is important to note that Frank's logic reflects an extension of the arguments of Baran. Simply put, he maintained that the underdevelopment of the LDCs arose from the way through which they were incorporated into an international capitalist system dominated by Western Europe and United States of America. Samir Amin on the other hand focused his analysis on the notion of unequal development. Amin utilized the overproduction-underconsumption hypothesis to demonstrate that imperialism was utilized by the global metropole to address the crisis of capitalism. This facilitated the asymmetrical incorporation of the global periphery into the international capitalism. His arguments are contained in his main works such as: *Accumulation on a World Scale* (1974), *Unequal Development* (1976) and *Imperialism and Unequal Development* (1977).

2.0 OBJECTIVES

At the end of this unit, you should be able to:
(i) Understand the ideas of Andre Gunder Frank on the development of underdevelopment in the LDCs
(ii) Know the basic teachings of Samir Amin on unequal development and economic growth
(iii) Understand the major tenets of dependency theory.

3.0 MAIN CONTENT

3.1 Andre Gunder Frank's Analysis of Development and Underdevelopment

Frank shares the view that global capitalism is an integrated system of metropoles and satellites that bound different countries, regions and rural-urban areas into dominant dependent relationships. It is his view that a systematic transfer of economic surpluses continually occurred from the base of the world structure (periphery) to the metropolitan centres of the advanced countries. Periphery in this sense refers to the underdeveloped regions of the world, which are integrated with the world capitalist system in an asymmetrical relationship, which exist to the detriment of the underdeveloped countries. The metropole in this case refers to the developed capitalist countries. It is also important to highlight that when viewed within the framework of an underdeveloped country, the centre or capital can be referred to as the national metropole, while the different rural areas are classified as national satellite.

Just as the global metropole exploit the global satellites comprising of the world's LDCs, the national metropole also amass the economic surpluses from the national satellite by exploiting its own periphery. One central underlying orientation in both instances is the drive to accumulate surplus. This trend leads to a temporary development of the metropolitan centre of the underdeveloped country, which is then indirectly exploited by the global metropole. Frank further argued that when a particular country is incorporated into the world capitalist structure, the economy of the former country shows all the signs and symptoms of capitalism. These contradictions generate development in the national metropole and underdevelopment in the domestic periphery. Since the national metropolis is a satellite of the world metropolis, the development of the national metropolis remains limited and dependent.

Writing on the contradictions of capitalism, Frank maintains that these are contradictions which in themselves, emerge in the course of the evolution of capitalism. One such contradiction is that economic surplus under capitalism is produced by many but appropriated by the few. Furthermore, capitalism is characterised by the polarisation of the capitalist system into metropolitan centre and periphery. Quite often, the periphery is exploited and the surplus is accumulated for the development of the metropolitan centre. Consequently, another contradiction becomes the development of a metropolitan centre and also an underdeveloped periphery. Due to the monopoly structure of capitalism, the surplus generated in the global periphery is accumulated by the global metropole. Ironically, the remnant surplus in the periphery is mis-utilised and spent away on various types of underproductive activities and speculation.

Another contradiction associated with global capitalism is that having divided the world into two parts, metropole and satellite, the metropole becomes developed at the expense of the satellite. This contradiction runs in a chain throughout the capitalist system. Frank further identified the contradiction in change. By this, he means that in spite of the historical evolution of capitalism its basic essential character and contradictions could not be eliminated. It is the views of Frank that there is no national economy, rather what exists as such are simply sector of the global capitalist economy. The integration of the underdeveloped economies simply makes them a sector of the global capitalist system.

For Frank, the developed capitalist countries were never underdeveloped rather they were at a point undeveloped. What Frank is saying is that underdevelopment is not a historical stage of growth, which the developed capitalist countries went through, but it is the result of the historical development of the capitalist system. It is his position that the development of the LDCs will remain accentuated so long as they remain part of the global capitalist system. Put succinctly, Frank argued that development and underdevelopment are two sides of the same system because they are the product of single but dialectically contradictory economic structure of capitalism. Invariably, Frank shares the view that the same historical process of development of world capitalism has simultaneously produced and will continue to produce both economic development and structural underdevelopment. (Ghosh 2001: 43) In other words, the relationship between the metropole and the satellite causes underdevelopment to the periphery. It obstructs development and aggravates underdevelopment in a myriad of ways.

Gunder Frank applied his doctrine of development of underdevelopment in the study of Latin American economies. A theory of underdevelopment in the views of Frank should be capable of providing explanations to the causes and phenomenon which have been brought about and which maintain and generate the stagnation of Latin America and its distorted development. He maintained that these countries and other LDCs were incorporated into the world capitalist system to occupy a disadvantaged position. This is because their socio-economic and political structures were distorted adversely when they began to participate in the vagaries of global capitalism. For him, the problems of these countries cannot merely be solved by planning process or through foreign aid and assistance.

Furthermore, Frank contended that contemporary underdevelopment is mainly the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. It is his view that underdevelopment is not something original or traditional and that neither the past nor the present of the underdeveloped countries resembles in any way the past of the now developed countries. For him, it is a wrong notion that development of LDCs must and will be generated by diffusing capital, institutions and values to them from

the developed countries. Rather, economic development in the periphery can only occur independent of the capitalist relationship with the metropole.

Frank further maintained that underdevelopment is not because of the survival of archaic institution and the existence of capital shortage in the periphery. Rather it is generated by the same historical process, which generated economic development, that is, the development of capitalism itself. Frank outlined four hypotheses in his analysis of the development of underdevelopment. These are as follows:

a. Within the world-embracing metropolis-satellite structure, the metropoles tend to develop and satellites tend to under develop.
b. The satellite experiences their greatest economic development when their ties to their metropolis are weakest. The Meiji Restoration in Japan is an example of industrialization through non-participation as a satellite in the global capitalist system. His argument was that since Japan was not a satellite state of the western capitalist system, it did not experience alien imposed structural limitations to her development.
c. The regions which are the most underdeveloped are the ones which had the closest ties to the metropolis in the past.
d. The greater the wealth that was available for exploitation in the past, the poorer and more underdeveloped the region today; and the poorer the region was as a colony, the richer and more developed it is today.

Another arguments advanced by Frank is that the character and nature of change in a given society are defined through market relations. He maintained that the problems of the origin of capitalism come down from the origin of expanding world market and not to the emergence of a system of free wage labour. Subsequently, he developed a circular concept of capitalism in terms of its exchange relations. He based his analysis on the premise that unequal market relations within the capitalist economy and domestic economy can produce development and underdevelopment on the international and national levels.

Frankasserts that in the LDCs, the export sector is an important source of monopoly power. The foreigner who also control many other associated fields like transport, insurance and other fields mainly controls this sector. This alien control also dominates the political and military spheres of the domestic economy. The dependency relationship that unfolds, render the LDCs incapable of moving out of the structure of underdevelopment. Under this process, the domestic bourgeois survives by extracting surplus from the national satellite and is interested in the continued foreign domination of the economy. Interestingly, the foreign bourgeois only invest very little capital into the domestic economy of the LDCs and such capitals are usually profits made from these LDCs.

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Frank further observed that the structure of dependence has remained static over time despite the evident changes experienced in the basis of monopoly within the capitalist system. For instance, the inability of the LDCs to acquire modern technology has made them structurally dependent on the metropole. The LDCs also experience balance of payment deficits and have to resort to taking foreign loans and assistance. The balance of payment deficits, resultant devaluation and increased money supply lead to inflation, which distort the economies of the LDCs. Indeed, this make the LDCs trapped in a dependent structure.

Another discovery of Frank is that surplus from the LDCs are usually drained out with the able connivance of the local comprador bourgeois. The network is such that the global metropole exploit the national bourgeois who in turn exploit the national satellite to service the needs of global capitalism. This simply implies that development at the metropole is based on the underdevelopment of the satellites.

Frank insists that the LDCs of Africa, Asia and Latin America have remained underdeveloped through their contacts with the developed capitalist states. Their economic history was shaped by their colonial status and they consequently became exporters of primary products and importers of finished foreign goods. The point is that colonial economy prevented the transformation of merchant capital to industrial capital. This dislocated their structure of production and consumption pattern and aborted growth process in the colonies.

The work of Andre Gunder Frank has attracted severe criticisms. His focus on exchange relations in the global market has been criticized as inconsistent with Marx focus on production relations. Secondly, his excessive focus on market or trade as the determining factor in class formation neglected the specificities of internal mode of production and class structure of the periphery. His analysis did not identify the nature of relations of dependence, which keeps on changing along with changes in economic structures of the developed capitalist states. Furthermore, his analysis did not explain why certain nations needed the underdevelopment of others to build their own development.

Comment [DAU100]: Cite one or two scholars who critize Frank's work

3.2 Samir Amin Postulation on Unequal Development

One fundamental assumption intrinsic in Amin thesis on unequal development is that imperialism is compelled to spread capitalism on the global arena. His argument is that the falling rate of profit, which engulfed capitalism in the 19th century, was caused by overproduction and under-consumption. This led him to conclude that the solution to the ensuing crisis was in the expansion of capitalist market into the global periphery. For him, capitalism required imperialism to counter the adverse effects of capital accumulation. His logic indicate that it was the falling rate of return on capital at home that compelled the capitalist world to search for new pastures in the periphery. This was accomplished in different phase. First, between 1880 and the end of the Second World War, monopoly capital from the metropole was able to export capital to oversee territories. However, following the end of colonialism, the

metropole reorganized its strategy of exploitation to focus on the accumulation of surplus from the periphery through militarism, capital export and unequal exchange relations.

Amin divided world capitalism into the core (satellite) and periphery (metropole). The main difference between these two concepts is that capitalism in the core developed from the advancement of the domestic market forces while the capitalism in the periphery was introduced from elsewhere. As such whereas capitalism in the core tends to be exclusive, the contrary is the case in the periphery. For Amin, the grand imperial design of the global metropole is the perpetuation and expansion of capitalist relations abroad by force or without the spontaneous consent of the affected people. The outcome of this process for Amin is that economies in the global periphery are distorted and disarticulated while experiencing several modes of production. This situation frustrates the growth of peripheral economies thereby making underdevelopment a permanent factor.

Amin observed that whereas capitalism in the core is characterised by clear polarisation of classes between bourgeoisie and proletariat, the contrary is the case in the periphery. Concisely, the social structure in the periphery is a truncated structure that can only be understood in relation to the world social structure. The truncation of the social structure in the periphery is caused by the phenomenon of absentee metropolitan bourgeois class who perpetrate the exploitation of the periphery from the developed countries. Whereas the productivity of labour and wages are high in the core capitalist countries, there exist low wage and productivity in the periphery. (Ghosh, 2001: 59)

Amin further contend that the core capitalist states are characterized by autocentric accumulation, that is, accumulation without external expansion of the system. For him, such pattern of capital accumulation is not possible in the periphery since the peripheral economy exist only as an appendage of the central economy. In addition, peripheral economy also lacks the class of metropolitan bourgeois whose capital operates as the critical dominating force. For Amin, an autocentric society has in place, organic relation between the bourgeoisie and proletariats. Such economy is self-sufficient and independent, but peripheral economy is extraverted.

It is the position of Amin that classification of underdeveloped countries is superficial because such typologies concentrate on appearances, which mask the underlying unity of the phenomenon of underdevelopment. He likened the underdeveloped countries as a piece of a single machine, which is the global capitalist economy. Furthermore, while countries in the global periphery lack internal dynamism, the core capitalist countries exhibit internal dynamics that are indigenous to them.
All peripheral economies in the views of Amin have the following features:

i. The predominance of agrarian capitalism
ii. A local, mainly merchant, bourgeoisie that is dominated by foreign capital
iii. The growth of large bureaucracy which substitutes for the leadership of an urban bourgeoisie, and

iv. Incomplete polarisation, which takes the form of masses of poor peasants, urban unemployed people and many marginal workers, who have not developed completely into a proletarian class.

The consequence of these features is that the peripheral economies experience extraverted form of development of local capitalism. Since these economies cannot achieve development on their own momentum, they remain reduced to incomplete and extraverted development of local capitalism. In addition, the core capitalism also imposes an unequal exchange between it and the periphery in which the periphery is exploited through trade. This leads to distortion and disarticulation of the peripheral economies, which experience unevenness of development. The pursuit of development in the peripheries naturally propels these countries to incur foreign debts from the core capitalist countries. This results in debt trap for the LDCs.

The peripheral economies are characterised by pre-capitalist mode of production, cheap labour, low technology and low productivity. It experience alien imposed form of capitalism facilitated by the introduction of foreign capital. These economies are further characterised by the introduction of three forms of distortions:

i. There is distortion towards export activities (extraversion).
ii. There is abnormal enlargement (hypertrophy) of the tertiary sector.
iii. There is distortion towards light branches of activities (light industries) and the use of modern production technique.

The distortion or hypertrophy of the tertiary sector reveals the difficulty of realising surplus value at the centre and limitation of peripheral development – high rate of unemployment and inadequate industrialisation. The second type of hypertrophy is expressed in excessive rise in government expenditure and a crisis in public finance. Amin maintains that the underdevelopment is not manifested in particular levels of per capita production, but in certain special structural features and the economies of LDCs are receptive to these structural features. Some of these features include extreme unevenness in the distribution of income and in the system of prices transmitted from the centre, disarticulation and economic domination of the centre.

Economic growth in the periphery is blocked because the centre dominates such countries. Whatever capital is generated in the periphery is never allowed to accumulate. Rather, they are siphoned out to the metropole. The periphery consequently experience incongruities and discontinuity in development. This is worsened by the double crisis of external payment and of public finance. Such crisis is inevitable and frequent in the LDCs.

In his book, *Imperialism and Unequal Development*, Amin identified two aspects of the theory of unequal exchange, which include:

Comment [DAU101]: Year pg.

i. The pre-eminence of world values, and
ii. The universal character of capitalist commodity alienation based on the direct or indirect sale of labour power.

In the global capitalist system, the transfer of international values into international prices implies the transfer of value from some nations to others. Since all products are international commodities, the same quantity of labour used up in different parts of the world will also give rise to a single world value. As such, if the labour hour in all countries creates the same value, while the labour power in one of the countries has a lower value (lower real wages), the rate of surplus value is necessarily higher. For him, the generation of surplus value is higher in the periphery.

The real case of unequal exchange in the views of Amin will be present if the rates of surplus values are different in different countries, and the transfer of values takes place not because of different organic composition of capital but because of the immobility of labour. It is the immobility of labour that is responsible for the variation in real wages in different countries. He further maintains that the pre-eminence of world values is overshadowed by the appearance of non-capitalist mode of production. However, it is the pre-eminence of world value that constitutes the essence of the unity of the world system.

In his analysis of unequal exchange, Amin insists that it implies the exchange of products whose production involves wage differentials greater than those of productivity. The lack of internal correspondence at the periphery between the level of development of the productive forces and the value of the labour power generates the vicious circle of peripheral development. Amin's doctrine of unequal exchange rejects two significant myths. First, that development can be achieved by an artificial increase of the independent variable (wage). He maintains that international capital certainly finds it profitable at the periphery because the rate of surplus value is higher there. He further noted that the mode of production in the periphery reproduces itself in both economic terms (distortion) and political terms (specific class alliances). The second myth, which Amin sought to debunk, was that the proletariat at the centre benefits from unequal exchange through international transfers. Rather, he contended that higher wages at the centre result mainly from the high level of development of productive forces, which generates higher productivity, and not due to international transfers.

There exist indications that Amin's thesis contains three different theories that seek to explain the phenomenon of underdevelopment. These theories focus on primitive accumulation, which to him implies the transfer of surplus, international specialization and inequalities in wage levels between different countries. Amin insists that the rise of monopolies at the end of the nineteenth century created conditions for wages in the centre to rises together with productivity while wages in the periphery remained low. Prior to this time, exchange was equal as products were exchanged for the values. Afterwards, unequal exchange emerged because of the discrepancies in the wage level. From this, he argued that since primitive accumulation through unequal exchange constitutes a cause of underdevelopment, it is ultimately the result of the difference in the behaviour of wages between the centre and the periphery.

Amin identifies three factors, which accounts for the diversity of peripheral economies. These are as follows:

i. The structure of the pre-capitalist formation at the moment of its integration into the world market;
ii. The economic forms of international contact; and
iii. The political form, which accompanied the integration.

It is the views of Amin that the supposed diversity among the peripheral economies is superficial and at best only disguises the essential unity.

He maintained that the core capitalism penetrates the periphery and creates three types of distortion:

i. It gives more attention to export activities and extra-version of the economy. The export activities dislocate the internal production structure.
ii. The penetration of central capitalism into the periphery alters the techniques of production in such a way that light industries are encouraged and technology transfer by the central capitalism go on rampantly resulting in technology dependence.
iii. The penetration of capitalism into the periphery also distorts the tertiary sector in such a way that it becomes disproportionately larger as compared to the other sectors of the economy. The consequence is that many people in this sector are absorbed with low level of productivity and income. The tertiary sector becomes characterised by low productivity, low income, unemployment, and underemployment.

The quest to eliminate the distortions compels the LDCs to incur huge debts from, and participate in unequal exchange with the centre. These realities create room for siphoning of huge surplus from the periphery to the core. The inevitable consequence becomes the underdevelopment of the periphery. It is the position of Amin that once the periphery is put in a position of underdevelopment, it become dependent on the central capitalism, and this process continues. He noted that the LDCs have not evolved freedom of manoeuvres in relation to world capitalism. They remain helpless so long as they remain integral part of the global capitalist system with no possibility of local accumulation. By implication, the periphery will always experience the business fluctuations of the core if its position of global capitalism is not challenged. Consequently, underdevelopment in the periphery proceeds with every economic growth in the periphery. He maintains that autonomous and self-sustained growth in the periphery is impossible irrespective of the level of per capital output.

The solution as advocated by Samir Amin is to have a complete break with the world capitalist system, as this will create the conditions for genuine development. He maintained that since development is hampered by the outflow of surplus from the periphery. It is his view that if certain steps are taken, economic growth may occur but not economic development because development is structural in nature. Development is possible when the tie with the centre is severed. He shares the views that social

surplus is vital to the LDCs as it offer opportunity for autocentric accumulation. It is a better alternative than a comprador operated or peripheral capitalism.

Samir Amin's thesis has attracted some criticisms. He has been accused of superficial analysis of dependency, which fails to integrate the transformation of class structures and the changing nature of capital accumulation process. Furthermore, he is accused of exhibiting a unitary vision of development, which is considered ahistorical and fails to take account of the historical specificities of the experiences of the LDCs.

SELF ASSESSMENT EXERCISE

Which of the following is in the opinion of Andre Gunder-Frank referred to as the underdeveloped regions of the world, which are integrated with the world capitalist system in an asymmetrical relationship? (a) Rural areas (b) Hamlets (b) Periphery (d) Substructure.

Comment [DAU102]: As above

4.0 CONCLUSION

This unit explored Andre Gunder Frank's thesis on the development of underdevelopment. It is his argument that the LDCs whose economies have been tied asymmetrically to the advantage of the global metropole can only develop when they sever ties with the metropole. He based his analysis on the experiences of LDCs in Latin America and the miracles of the Meiji Restoration in Japan. It examined Samir Amin analysis of unequal development. His argument is that global capitalism is sustained by the asymmetrical relationship between the core and the periphery. This characterised by the sustained accumulation of surplus from the periphery to advance the interest of the global capitalist centres. Consequently, development can only come to the periphery when conscious effort is made to extricate its economy from the traps of capitalism.

5.0 SUMMARY

In summary, Frank's analysis reveal that underdevelopment is not an inherent defect of a country but a product of colonialism, which facilitated the forceful integration of the global satellite into the asymmetrical relationships of dependency and underdevelopment. By implication, capitalism has spread in the periphery and has created a chain of exploitative metropole-satellite relationship, which has worked against the interest of the satellites. Consequently, economic development only takes place when the ties between the metropole and satellites are weakest. Also, Samir Amin used the overproduction-underconsumption hypothesis to demonstrate the contradiction of capitalism prior to the advent of imperialism. Consequently, he argued that imperialism, which was a necessary prescription to address the maladies of capitalism, was instrumental to the development of underdevelopment in the

peripheries of global capitalism. Amin shared the view that socialism provides an avenue for the development of the peripheries.

6.0 TUTOR-MARKED ASSIGNMENT

1. According to Frank, contemporary underdevelopment is mainly the ___ product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. (a) Historical (b) Emotional (c) Psychological (d) Philosophical
2. Which of the following is not a characteristic of a peripheral economy? (a) Pre-capitalist mode of production (b) Cheap labour (c) High technology (d) low productivity
3. Which of the following is not an underdevelopment and dependency theorist? (a) Andre Gunder-Frank (b) Samir Amin (c) Paul Baran (d) V. I. Lenin

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MODULE 4 Global Trends that Shape Modern Political Economy

INTRODUCTION

Events of the past are strategic to the understanding of modern developments. Modern political economy particularly as it affects countries in the global south cannot be effectively comprehended without making a retrospect to certain historical global trends. These global trends namely; imperialism, colonialism, neo-colonialism, globalisation, activities of multinational corporations, Bretton Woods Systems have shaped the dynamics of contemporary political economy to the extent that studying them open us to the realities of the modern era. This module is aimed at looking at those events and their implications for the study of political economy.

Unit 1 Imperialism
Unit 2 Colonialism and Neo-Colonialism
Unit 3 Globalisation
Unit 4 Multinational Corporations
Unit 5 Bretton Woods System

UNIT 1 IMPERIALISM

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Meaning and Nature of Imperialism
    3.2 Contending Views of Imperialism
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

This unit examines the various perspectives on the concept of imperialism. Specifically, it highlights the views of Hobson, Lenin and Hilferding. It also highlighted the liberal views on the concept.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain the nature and meaning of imperialism
(ii) Discuss the contending views on the concept of imperialism.

3.0 MAIN CONTENT

3.1 Nature and Meaning of Imperialism

The Webster Unabridged Dictionary defines imperialism as the policy, practice, or advocacy of seeking, or acquiescing in, the extension of the control, dominion, or empire of a nation, as by the acquirement of new, especially distant, territory or dependencies, or by the closer union of parts more or less independent of each other for operations of war, copyright, internal commerce, etc. Put slightly differently, imperialism is the policy of extending the rule or authority of an empire or nation over foreign countries, or of acquiring and holding colonies and dependencies. It is a practice where powerful nations seek to send and maintain control or influence over weaker nations or people. Quite often, the concept is used to explain the economic expansion of capitalist states. Generally, states become imperialist for several reasons, which may be economic, political or ideological.

Comment [DAU103]: ?/?

Benjamin Cohen in his book, *The Question of Imperialism*, maintained that the imperial powers typically pursued their various interests overseas in a blatantly aggressive fashion. Bloody, one-sided war which Otto Von Bismarck described as *sporting war*, that considered native Africans in the contested territories as game became common place. Here, the powers were engaged in intense competition and diplomatic crises devoid of direct military conflict. This set the stage for imperialist competition in Africa.

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Classical or liberal theorists insist that imperialism is not a product of capitalism but a response to certain maladjustments within the contemporary capitalist system which given the proper will, could be corrected. They however subscribe to the Marxist view that it was motivated by economic considerations. The presumed material needs of the advanced capitalist societies explained by Cohen as the reasons for imperialism are;

a. The need for cheap raw material to feed their growing industrial complexes,
b. The need for additional markets to consume their rising levels of production, and
c. The need for investment outlets to absorb their rapidly accumulating capital.

On their part, the world system analysts and liberal scholars have argued that imperialism was encouraged by the need of the hegemonic core state to maintain its privileged position in the international division of labour in the face of growing competition from the newly emerging core state of Germany and the United States of America. Scholars like Morgenthau on their part associated the rise of imperialism to the quest for power and prestige that characterised the balance of power in the international political system that governed relations among various European powers prior to the Peace of Westphalia.

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This view is however contrasted bymost scholars of the Marxian tradition who locate the source of conflict to economic factors. Marx, who espoused the ideas of a classless society, argues that conflict arises initially out of the antagonistic contradiction that characterises the struggles between the existing socio-economic classes in a society (Marx and Engels; 1842). He evolved a theory of history based on dialectical materialism in which economic substructure determines the socio-cultural and political superstructure of the society. Here, he who controls the economic system controls the political system. His study of history and of 19th century Britain led him to conclude that each epoch of history contains clashing forces or a dialectics, from which a new epoch emerges. The peak of the class conflict for Marx manifests in a capitalist society where the bourgeoisie which controls the means of production, exploits the workers for his labour and extorts the surplus value from and wage labour. The evident class conflict between the capitalist and proletariat would lead to a socialist order (Marx; 1954). Though Marx recognised the global thrust of capitalism, he did not espouse the concept of imperialism. Subsequent scholars of Marxian orientation extended the crude economics of Karl

Comment [DAU106]: Missing at reference

Marx in the theory of imperialism. It is their view that the only way to end imperialism is to end capitalism.

3.2 Contending Views of Imperialism

Hobson a major proponent of imperialism posits that it results from maladjustment within the capitalist society, in which a wealthy minority over-saves while an impoverished or barely subsistent majority lacks the purchasing power to consume all the fruits of modern industry. Capitalist societies are thus faced with the critical dilemma of over production and under-consumption. If the capitalist decide to redistribute their surplus wealth in the form of domestic welfare measures, there will be no serious structural problem. However, the capitalists seek instead to reinvest their surplus capital in profit-making ventures abroad. It is his view that imperialism is the result of the endeavour of the great controller of industry to broaden the channel for the flow of their surplus wealth by seeking foreign markets and foreign investments to take off the goods and capital they cannot sell or use at home (Hobson; 1902).

Comment [DAU107]: Pg. for consistency

In his book, *Imperialism: The Highest Stage of* Capitalism, V. I. Lenin described imperialism as the monopoly stage of capitalism i.e. it is the dominance of finance capital. Lenin located the cause of imperialism in capitalist quest for profitable oversea outlet for surplus finance capital. This implies that finance capital spreads its net over all countries of the world. In his polemic with Kautsky, Lenin maintained that the characteristic feature of imperialism is precisely that it strives to annex not only agrarian territories, but even the most highly industrialised regions (German appetite for Belgium; French appetite for Lorraine) because:

Comment [DAU108]: Year Pg.

i. The fact that the world is already partitioned obliges those contemplating a re-division to reach out for every kind of territory; and
ii. An essential feature of imperialism is the rivalry between several great powers in the striving for hegemony, that is, for the conquest of territory, not so much directly for themselves as to weaken the adversary and to undermine his hegemony.

However, the direction of expansion remains mostly towards the backward areas of the world where export capital is more attractive in terms of profit (Saini; 1981). Lenin further identified four factors that facilitated the emergence and sustenance of imperialism. These are as follows:

Comment [DAU109]: Pg. for consistency or go by Year only. Note that is not in reference

i. The concentration of production combines, cartels, syndicates and trusts,
ii. The competitive quest for sources of raw materials,
iii. The development of banking oligarchies, and

iv. The transformation of the old colonial policy into a struggle for spheres of economic interest in which richer and more powerful nations exploit the weaker ones. (Lenin; 1939).

Comment [DAU110]: Good, but no Pg. consistency matters

Thus imperialism for Lenin is capitalism in that stage of development characterised by the following:

i. The dominance of monopolies and finance capital has established itself;
ii. There is merging of industrial and finance capital;
iii. The export of capital over export of commodity has pronounced importance;
iv. The division of the world market between the international capitalist hegemons has begun; and
v. The division of all territories of the globe among the great capital powers has been completed (Lenin; 1939).

Comment [DAU111]: As above

Scholars of Marxian orientation extol the import of capital in imperialism and argue that it is the cause of international conflict. The critics of the economic interpretation of imperialism posit that this thesis errs in the attempt to build a universal law of history upon the limited experience of a few isolated cases. It is in line with this that Kautsky argued that imperialism is not a stage in the development of capitalism as Lenin advocated a deliberate policy of European states.

The First Afro-Asian and Latin American People's Solidarity Conference (FAALAPSC) held in Havana in January 1966 observed that:

> To guarantee its domination, imperialism tries to destroy the national cultural and spiritual values of each country and forms an apparatus of domination, which includes national armed forces docile to their policy, the creation of organs of repression, with technical advisers from imperialist countries, the signing of secret military pacts, the formation of regional and international war mongering alliances. It encourages and carries out coup d'état and political assassinations to ensure puppet government; at the same time, in the economic field, it resorts to deceptive formula, such as the so called Alliance for Progress, Food for Peace and other similar forms while using international institutions such as the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) to reinforce its economic domination.

Similarly, the Fourth Conference of Heads of States and Governments of Non-Aligned Countries (FCHSGNCs) at Algiers in September 1973 resolved that imperialism not only hampers the economic and social progress of developing countries, but also adopts an aggressive attitude towards those who oppose its plans.

It further imposes on them political, social and economic structures which encourage alien domination, dependence and neo-colonialism. (FCHSGNCs; 1973).

SELF ASSESSMENT EXERCISE

Which of the following is not a reason for imperialism? (a) The need for cheap raw material to feed their growing industrial complexes (b) The need for additional markets to consume their rising levels of production (c) The need for investment outlets to absorb their rapidly accumulating capital. (d) The need to open up backward societies to civilization

Comment [DAU112]: As earlier comments

4.0 CONCLUSION

It is no overstatement that the concept of imperialism has attracted several viewpoints from various quarters. However, one thing remains central to it meaning, it involves the exportation of capital to oversea territories. This phenomenon dominated the nature of pre-colonial relations between Africa and the west before the advent of European colonialism in Africa.

5.0 SUMMARY

This unit examined the nature of imperialism and the various interpretations associated with the concept. It observed that while the scholars of Marxian tradition often applied the economic interpretation of the concept, liberal scholars associated imperialism with the quest for power and prestige by nations in the international arena.

6.0 TUTOR-MARKED ASSIGNMENT

1. Scholars of Marxian orientation extol the import of capital in imperialism and argue that it is the cause of international ___ (a) Cooperation (b) Confusion (c) Success (d) Consumption
2. Which of the following scholars referred to imperialism as the highest stage of capitalism? (a) Immanuel Wallerstein (b) John Hobson (c) V.I Lenin (d) Kwame Nkrumah

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UNIT 2 COLONIALISM AND NEO-COLONIALISM

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
    3.1 Colonialism and its Impact on Africa
    3.2 Neo-Colonialism
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The bulk of the continent of Africa experienced European colonialism between the 19th and 20th centuries. This phenomenon set the stage for the present asymmetrical relations between Africa and the western world in the international division of labour and exchange. This unit examines the incidence of colonialism, its impacts on Africa and the extension of the frontiers of colonialism to another dimension often described as neo-colonialism.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Know the nature and meaning of colonialism and its impact on Africa.
(ii) Know the concept of neo-colonialism.
(iii) Understand at least any two agents of neo-colonialism
(iv) Know how neo-colonialism contributes to the problems of Africa's development.

3.0 MAIN CONTENT

3.1 Colonialism and its Impact on Africa

The 15th Century marked a significant stage in the wave of empire building by many European countries. This was made possible as a result of innovations in science and military technology as major European powers such as Spain, Portugal, Britain and France deployed explorers and military power in the quest for commercial advantage overseas. As merchant embarked on intense pursuit for market advantages, European governments exploited the opportunity to provide protection to their nationals and seeks political control of overseas territories. The economic strategy underlying the

relationship between colonies and colonisers during this era of classical imperialism is described as *mercantilism.* In essence, this refers to the philosophy and practice of governmental regulation of economic life to increase state power and security. State power was assumed to flow from the possession of national wealth measured in terms of gold and silver.

The quest for accumulation of wealth propelled states to pursue and maintain favorable balance of trade. One way through this was pursued was through the scramble for colonies as this provided the opportunity for monopoly capitalism which shut out commercial competition and guaranteed exclusive access to untapped markets and sources of cheap materials. Consequently, each state was determined to monopolise as many oversea mercantile opportunities as possible (Cohen; 1973). Adam Smith captured this in his *Wealth of Nations.* He argued that national wealth was maintained not through the accumulation of gold and silver but through the capital and goods, they could buy. Consequently, a system of free international trade consistent with the precepts of laissez-faire economics became the accepted philosophy governing international economic relations (Kegley and Wittkopf; 1989).

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Colonialism implies foreign political domination and subordination of oversea territories for effective economic exploitation. The process ensured the continued supply of raw materials and food to meet the needs of the industrialised nations of Europe. Colonialism in the views of Offiong was not merely a system of exploitation but one whose purpose was to repatriate the profit to the metropole. He further maintained that ccolonialism never exported capitalism to the third world; instead, it sapped the colours of the necessary resources that could have been the basis for investment, and destroyed local capitalism through outrageous and rapacious competition (Offiong; 2001:43).

Colonial rule in Africa was an act of political expropriation made possible by the use of force and the threat of the use of force to extract surplus from the continent. This instrument of force manifested in the series of repressions and coercions on the colonised which to Adeniran (1983: 195), resulted not only in the loss of their land to the colonisers but also in loss and re-orientation of their culture. The eventual political domination of Africa was accomplished using the force of superior ammunitions. The first two decades of the twentieth century, was an era dominated by the raw and brutal intrusion by the developing colonial state and powers of metropole Europe into the lives and cultures of Africans?

The transition from the trans-Atlantic slave trade to colonial occupation of Africa was characterised by not only violence but also deceits, trickery and outright falsehood. This transition was the logical consequence of the abolition of slave trade, independence of America (1776) and the challenge of the lucrative legitimate trade, which in itself stimulated the drive for effective political control of the bulk of Africa by metropole Europe. It is an evident fact that the independence of America from

Britain meant the loss of a vast portion of the British Empire, loss of prestige and huge profits to Britain, which must be replaced. On the other hand, the profits from the legitimate trade and the prospects that more wealth could be appropriated from Africa stimulated the quest by European traders for the effective political domination of the continent, which was being ravaged by the ruins from the European induced slave raiding wars. The colonial option for Africa therefore became plausible not just as a system of exploitation of the continent, but one whose main objective was to repatriate profit from the satellite to the metropole. Here, African labour and resources were expropriated for the development of the metropole Europe. The logical deduction at this point is that the development of Europe and America is a part of the same dialectical process through which Africa became underdeveloped.

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Some available historical records demonstrate that Europe began its conquest of Africa back into the fifteenth century with the colonisation of Angola (1442) and Mozambique (1505) by Portugal. Between the seventeenth and eighteenth centuries, France occupied parts of Senegal (1637), Reunion (1663) and Mauritius (1715) while the Dutch settled in the Cape in 1652. The British occupied Sierra Leone in 1808 and Cape Colony in 1814; the French took Algiers in 1830 and Equatorial Africa in 1841. In 1842, the Gold Coast (now Ghana) became a British protectorate while Natal was declared a British colony in 1843. Britain began the invasion of present Nigeria with the conquest of Lagos in 1851. They further occupied Basutoland in 1868, invaded Ashanti in 1873 and annexed Transvaal in 1877, while the French invaded Tunis in 1881 (Offiong; 2001).

The motives of European colonial enterprise in Africa are reflected in the 1878 address of Henry Morton Stanley (the Navigator) to the assembled businesspersons of Birmingham Chamber of Commerce. Here, Henry the Navigator stressed that he has thrown open the gateway of Africa to their enterprise. In his words,

> There are forty million naked people beyond the gateway and the cotton spinners of Manchester are waiting to clothe them. Birmingham's foundries are glowing with the red metal that shall presently be made into ironwork in every fashion and shape for them, and the trinkets shall adorn those dusky bosoms: and the Ministers of Christ are zealous to bring them, the poor benighted heathen, into the Christian fold (Davidson; 1984: 172).

The quest by European traders of diverse national background to gain advantage in the African enterprise turned the field by trading in Africa into a business of territorial claims. It was the attempt to work out acceptable procedures that will guide the scramble and partition of Africa and avert the outbreak of hostilities among the competing European powers that propelled Otto Von Bismark of Germany to convene the Berlin-Africa Conference, which met, between December 1884 and April 1885 without African representatives. Besides, the condemnation of the slave trade,

prohibition of the sale of liquor and fire arms in certain areas, and the expression of concerns for religious instruction for the African natives, the conference produced the Berlin Act (1885) which set out the rules of competition to guide the European powers in the quest for colonies (Offiong; 2001:9). The Act also had the aim of fostering the development of trade and civilisation among the natives and further provided for the neutralisation of the entire Central Africa in an event of European war (Fordman: 1968).

In pursuit of the provisions of the Berlin Act, King Leopold of Belgium seized Congo. In the same year, the German East Africa was established. Other European powers followed suit - Sudan was seized in 1889, Zanzibar 1890, Nyasaland 1891, Northern and Southern Rhodesia 1891, Bachuanaland 1891, Uganda 1893, Dahome 1894, Kenya 1895, Nigeria 1900, Italian Somaliland 1905, Libya 1911 and Spanish Morocco 1912. Only Ethiopia, which was temporarily occupied by Fascist Italy in 1935, remained uncolonised. (Woddis; 1971)

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Besides the glorification of the European colonisation of Africa as an act motivated by the zeal to bring the continent of Africa to the benefits of civilisation, the actual conduct of the European powers demonstrates that Europe was in Africa for the sole purpose of aggrandisement. King Leopold of Belgium made this position clear in a letter to Baron Solvyns in 1879 that his mission in Africa was to miss no chance of getting his share of the *Magnificent African Cake*. (Davidson; 1984:
193)

In 1885, Jules Ferry, the French Premier of the Chamber of Deputies highlighted the dominant reasons for colony acquisition as:

i. In order to have access to the raw materials of the colonies
ii. In order to have markets for the sale of manufactured goods of the home country and
iii. As a field for the investment of surplus (Offiong; 2001: 63).

Albert Sarrant, the French Secretary of State for Colonies reiterated this in 1923 at the EcoleColonale in Paris. In his words:

> What is the use of painting the truth? At the start, colonisation was not an act of civilisation, was not a desire to civilise. It was an act of force motivated by interests. An episode in the vital competition which, from man to man, from group to group, has gone on ever increasing… the origin of colonisation is nothing else than the enterprise of individual interests, or one sided and egoistical imposition of the strong upon the weak (Offiong; 2001).

The above statements from some key actors in the colonial enterprise go a long way in authenticating the assertion that the imperial conquest of Africa by metropole

Europe was undertaken to tap the resources of the former in order to help solve the economic problem of Europe. As Freund put it, beneath the surface of colonial political and administrative policy laid the unfolding process of capital accumulation (ibid).

The period from the Berlin Conference to the end of the First World War in 1919 was characterised by imperialist wars against established African kingdoms and empires. Several punitive expeditions against restive groups were administered to force African resistance to colonial domination to submission. In some areas in tropical Africa where pastoralists attempted to escape from the burden of colonial exploitation, the colonial authorities adopted the *Scorched Earth* policy which ensured that anything that will be relevant to the enemy (in this case, the natives) including the homes, animal and crops were destroyed. Consequently, even in areas where the colonial authorities succeeded in establishing effective colonial control, it was at great expense to the continent of Africa.

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The eventual imperial domination of Africa by metropole Europe was accompanied by the various colonial administrations over the emasculated territories. European officials had full possession of the constitutional powers within the territories under the protection of European controlled armed forces. They controlled the civil service, judiciary, prison service and educational system, all of which were designed to buttress the interests of the colonial metropolis. The efforts of the colonialist were complemented by the activities of Christian missionaries. It was the missionaries that helped the colonialist to draft the fraudulent agreements and treaties and further helped to convince the African chiefs to sign these phoney treaties, which formed the basis for the invasion and occupation of African territories. This complicity prompted Jomo Kenyatta to proclaim that:

> When the missionaries came, the Africans had the land and the Christians, the bible. They taught us to pray with our eyes closed, when we opened them, they had the land and we had the bible. (Kenyatta in Gordon and April; 1992: 236)

Colonial authorities in Africa designed several draconian laws that facilitated the subjugation and exploitation of Africa. Some of the laws banned strikes, trade unions, and as in francophone Africa, proscribed political parties and political activities till adoption of the *Loi Cadre* in 1956, suppressed criticisms, arrested and banished political leaders and severely restricted franchise in the area where it was granted. It is no vain assertion to reason that the epidemics of corrupt and oppressive political leadership that is now prevalent in most parts of Africa are but a colonial heritage, especially as African political leadership simply inherited the structures and orientations left behind at independence by colonial Europe.

One of the obnoxious policies of the colonial era was the use of *Forced Labour*. This involved Africans working compulsorily for the colonial authorities and in some cases in plantations owned by European farmers. People were conscripted to build roads and rails lines. Some 20,000-conscripted workers died during the construction of the rail that linked the French side of Stanley Pool on the Congo River to the sea, the Congo Ocean. (Offiong; 2001: 60)Native Congolese were also compelled to surrender certain percentage of rubber for a minimal price. The effect of these was that the Congolese had to travel far away from home to work under extremely dangerous conditions and by extension, had to neglect the production of basic food crops for domestic consumption. The Belgians enforced this requirement through mass terror, which involved armed expeditions, the use of hostages, mutilations and outright killing. Any resistance from the natives brought merciless retribution by colonial expeditions and the flight of the people away from the rivers of Congo to less ecologically favourable areas.

The description of forced labour in Italian Somaliland, during the 1930s by a colonial official was that it remained 'a good deal worse than slavery'. A slave cost money and will be cared for by his owner, as he cares for his donkey, and if a slave should die, the owner must buy another. But when a Somali native dies after being assigned to his Italian colonial employer, or becomes unfit to work, it is merely a matter of his employer asking the government to provide another one for nothing.There existed near similar situation in almost all the colonies where forced labour was applied. Describing the situation in colonial Mozambique, Joan Maquival gives a picture of his experience with forced labour:

> The company paid money to the …government and then the government arrested us and gave us to the company. I began working for the company when I was twelve… The whole family worked for the company: my brothers, my father … my father earned 150 escudos a month ($5.30). He had to pay 195 escudos tax yearly. We didn't want to work for the company, but if we refused, the government circulated photographs and manhunt was started. When they caught them, they put them into prison, and when they came out of prison, they had to go and work without pay… Thus in our own fields, only our mothers were left… All we had to eat were the little our mothers were able to grow. We had to work on the tea plantations but we didn't know what it tasted like. Tea never came to our homes. (Roberts and Barnes, 1974).

Gabriel MauticioNantombocollaborates this view with his own experience of colonial imperialism in Mozambique:

> When the company came to exploit our region, everyone was forced to cultivate one field of cotton… The time of cotton growing was a time of great poverty, because we could only produce cotton; we got a poor price for it and we did not have to produce cotton. The people didn't want to. They knew that cotton is the mother of poverty, but the

> company was protected by the government. We knew that anyone who refused to grow it would be sent to the plantation in Sao Tome where he would work without any pay at all. So as not to leave the family at all, we had to grow cotton. The company and government work together closely to enforce the system (ibid).

Beyond the forced labour, the colonial authorities adopted the method of taxation to get labour to work in the plantations and mines. The usual taxes were the poll tax for each animal, hut tax for each house and head tax for each individual. His policy of taxation forced the natives to leave their individual and family farms to work in mines and plantations owned and controlled exclusively by Europeans. Forced migrations in search of paid jobs resulted in the abandonment of traditional subsistence agriculture upon which the African family hood depended to work in European plantations. It also resulted into excessive labour, which succeeded, in putting down the wages payable to Africans. This plunder of the African economy contributed immensely to the continents underdevelopment.

Colonial exploitation of Africa also manifested in the wage discrepancy between Europeans and African workers. For instance, the records of an American shipping company, Farrell Lines show that in 1955, of the total amount spent on loading and discharging cargo moving between Africa America, 1/6 went to Africans and 5/6 went to non-Africans for loading and offloading the same amount of cargo. Furthermore, the Nigerian coal miner in Enugu earned 1/- per day for working underground and 0/9d per day for jobs on the surface during the colonial era, while their counterparts in Scotland and Germany earned far much more (Rodney,1971). This also extended to the colonial civil service. European civil servants in the Gold Coast (now Ghana) received an average of 40 pounds per month, with quarters and other privileges. Africans got an average salary of 4 pounds. In Morocco and Algeria, the wages of Africans when compared to their Europeans counterparts were 16% and 25% respectively. In East Africa, while Lord Delamere controlled 100,000 acres of Kenya's land, the Kenyan had to carry a *Kipande* pass in his own country to beg for a wage of 15/- or 20/- per month. In Northern Rhodesia, Africans were paid three (3) pounds per month for similar jobs, which their European counterparts were paid 30 pounds per month (Rodney, 1971).

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It is noteworthy to highlight that such colonial investment in Africa such as roads and rail network, were not aimed at the economic development of the colonies, rather, they were an extension of the plots by imperial Europe to siphon the bulk of Africa's wealth. For instance, the roads and railway networks in Africa were designed to link major minerals and plantation towns within the hinterland and eventually connect them to the coastal states to facilitate the exploitation and exportation of Africa's resources and eventual distribution of imported European products.

In Nigeria, the colonialist monopolised economic activities, thereby preventing the emergence of an indigenous entrepreneurial class. Taubman Goldie successfully eliminated Africans from the lucrative trade along the Niger Delta by imposing taxes, which the Africans could not afford. Africans were also charged more export fees than the Europeans. (Crowder; 1968) In the late 1930s, the United African Company (UAC), controlled over 40% of Nigeria's export and import trade, and in 1949, it controlled 34% of commercial merchandise imports in the country, and bought on behalf of the Nigerian Marketing Boards, 435 of all Nigerian non-mineral exports. The UAC, John Holt, Patterson Zochonis (PZ), the SociétéCommerciale de l'OuestOccidentale (SCOA) and the Union Trading Company (UTC) formed the Association of West African Merchants (AWAM) and through it, made agreements and allocated export quotas. Thus, by 1949, AWAM controlled about 66% of all imports and almost 70% of the exports in Nigeria. They also controlled most retail and semi- wholesale trade all over the country. (Offiong; 1980) Europeans further dominated even the banking and shipping business.

Education was another instrument of colonial exploitation of Africa. This is because the nature of colonial education was aimed at producing the relevant low cadre work force to facilitate the attainment of European colonial interest and aggrandisement in the continent. It must be realised that this motive is indeed a negation of the fundamental role of education, which seeks to preserve the social structures and lives of the individual members as well as the promotion of social change in the society.

Colonial education in Africa simply focused on a few Africans who will assume low cadre position as clerks, interpreters and elementary teachers. The goal was to produce a body of subordinate workers that will help enhance the domination and expropriation of surplus from Africa to metropole Europe. This was not an educational system that emerged from African environment for the interest of the Africans, neither was it designed to boost the pride and confidence of the Africa recipients or to enhance the rational use of the wealth of the continent. Rather, colonial education in Africa was education for subordination, exploitation, the creation of mental confusion and the perpetuation of underdevelopment in Africa (Rodney; 1971: 264).

Indeed, colonial educational policies in Africa were characterised by limitation inside limitations. First, it was aimed at inhibiting mass enlightenment relevant for desirable social change and afterwards was inhibited by the political and financial calculations of the colonial administration especially as the metropolitan government and their African administration often claimed that there were insufficient funds to spend in education. For instance, in 1958, the British colonial office in Northern Rhodesia insisted that:

> Until more money becomes available for the building of school, no rapid progress can be expected and the practical prospects of providing

full primary education for all children therefore remains fairly remote (Offiong; 1980).

The lame attitude of the colonial authorities towards education in Africa is demonstrated in the meagre resources allocated to this sector of the budget of many African states. In 1935, the total allocation to the educational sector in the whole of French West Africa was only 4.03%. In the British colony of Nigeria, it was only 3.4% and as late as 1946, Kenya only apportioned 2.26% of its revenue to the education of Africans. The impact of this poor allocation was that, by 1938 only 22,000 people were enrolled in school in the whole of French Equatorial Africa (Chad, Central Africa Republic, Gabon and Congo Brazzaville) and the French provided education for 77,000 pupils in French West Africa with a population of at least 15 million (ibid).

On the political front, colonialism mangled polities, divided communities and coerced unrelated people into alien geopolitical clones, called states in Africa. This resulted into the fragmentation and in most instances, the erosion of traditional authorities. The emerging colonial state built and thrived on the overdeveloped coercive apparatus for the subjugation of the African natives. Resistance to colonial oppression was brutally suppressed. In Congo Leopoldville, King Leopold of Belgium reduced the population of that country from 20 million to 10 million inhabitants within a decade. As such William Kornblum (Kornblum; 1998:189) never exaggerated by insisting that the fierce scramble by European powers for colonial acquisition in Africa led to the extermination of millions of natives in continent.

The emerging multi-ethnic and highly heterogeneous postcolonial state inherited these overdeveloped state structures. The quest to control the state and its apparatus and the increasing tribalisation and sectionalisation of the highly overdeveloped structure of the states in post-colonial Africa as well as the epidemics of leadership failures and gross abuse of state power has remained central to persistent crises of armed conflicts and underdevelopment in the continent.

In conclusion, one will subscribe to the position of John Randel (1996) that by siphoning surplus away from the Third World to which Africa belongs, the First world had enriched itself and that by keeping the Third world underdeveloped, the ruling bourgeoisie of the First world ensured a ready market for their finished goods and a cheap supply of raw material for their factories. From this, one can emphatically say that even if colonial imperialism was a civilising mission that for every cent invested in Africa by Europe, she took away hundreds.

3.2 Neo-Colonialism

The second quarter of the twentieth century was marked by very significant global events like the outbreak of the Second World War (1939), signing of the Atlantic

charter (1941), emergence of the United Nations Organisation (1945) and increase in the wave of nationalism in Africa and elsewhere. The logical consequence of these unfolding events was the emergence of new states, which gained political independence from the powers of metropole Europe. By the late 1960s, several African countries had gained political independence. It was with dismay that these countries realised to their chagrin that political independence never meant total independence. Neo-colonialism emerged as a higher form of exploitation of these new states, which were entrapped in the strangleholds of the western capitalist Europe.

In his essays on neo-colonialism, Nkrumah (1966) conceived it as the embodiment of Clientele sovereignty or fake independence characterised chiefly by the practice of granting a sort of independence by the metropolitan power, with the concealed intention of making the liberated country a client state and controlling it effectively by means other than political ones. In essence, neo-colonialism implies granting flag independence with one hand and taking back with another. Nkrumah further insisted that where neo-colonialism existed, the power exercising control is often the state which formerly ruled the territory in question. This is because a state in the grip of neo-colonialism is not master of its own destiny because neo-colonialism is the worst form of imperialism. It means power without responsibility for those who practice it and exploitation without redress for those who suffer from it.

Nkrumah further described neo-colonialism as a definite and last stage in the development of imperialism. This stage to him is more insidious, complex and dangerous than the old colonialism. It not only prevents its victims from developing their economic potentials for their own benefits, but it controls the political life of the country, and support the indigenous bourgeoisie in perpetuating the oppression and exploitation of the masses. Under neo-colonialism, the economic system and political policies of independent territories are managed and manipulated from outside, by international monopoly finance capital in league with the indigenous bourgeoisie. Communication, banking, insurance and other key services are controlled by neo-colonialist. (Nkrumah; 1973: 313)The multinational corporations and the International Financial Institutions (IFI) are the prominent channels through which neo-colonialism operates.

Woddis (1981:251), in his essays on neo-colonialism observed that as the intensification of the activities of national liberation movements in Asian and African countries in post-World War Two era, the emergence of the satellite socialist countries and peace movements in Europe and America, compelled the imperialist to retreat, it provoked new strategies for the continued economic domination and spread of political influence of the colonial metropole on the third world. This strategy manifested in neo-colonialism and its decisive element remained the economic control of erstwhile colonies by the big metropole.

The Third All African People's Conference held in Cairo in 1967, interpreted neo-colonialism as the survival of the colonial system inspite of formal recognition of political independence in the emerging countries, through indirect and subtle form of domination by political, economic or technical forces. (Voice of Africa: 1964) The apprehension of this Conference was reinforced at the First Afro-Asian and Latin American People's Solidarity Conference (FAALAPSC) held in Havana in January 1966. The Conference observed that:

> To guarantee its domination, imperialism tries to destroy the national cultural and spiritual values of each country and forms an apparatus of domination which includes national armed forces docile to their policy, the creation of organs of repression, with technical advisers from imperialist countries, the signing of secret military pacts, the formation of regional and international war mongering alliances. It encourages and carries out coup d'état and political assassinations to ensure puppet government; at the same time, in the economic field, it resorts to deceptive formula, such as the so called Alliance for Progress, Food for Peace and other similar forms while using international institutions such as the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) to reinforce its economic domination. (FAALAPSC; 1966)

The dangers posed by imperial Europe to Africa and other third world countries were further elaborated at the Conference of Non-Aligned Countries at Cairo in October 1964. The Conference observed that imperialism used neo-colonial devices such as racial discrimination, economic pressures, interference, subversion, intervention and the threat of force to impose its will on independent nations. This position was reiterated at the Fourth Conference of Heads of States of Non-Aligned Countries (CHSNAC) at Algiers in September 1973. Here, the Conference lamented that:

> Neo-colonialism not only hampers the economic and social progress of developing countries, but also adopts an aggressive attitude towards those who oppose its plans, trying to impose upon them political, social and economic structures which encourage alien domination, dependence and neo-colonialism. (CHSNAC; 1973).

The predominance of export of capital over the commodities was characterised by Lenin as a basic feature of imperialism. However, with the victory of nationalism in the bulk of colonised territories, there arose improvement in the practice of naked imperialism in what came to be known as neo-colonialism. In this regard, Nehru cautioned in a letter to Indira, that:

> Do not imagine that the empire of the United States is confined to the Philippine Islands. Outwardly that is the only empire they have got, but,

> profiting by the experience and troubles of other imperialist powers, they have improved on the old methods. They do not take the trouble to annex a country. Through the control of wealth, it is easy to control the people of the country and indeed, the land itself. And so without much trouble, or fiction with an aggressive nationalism, they control the country and share its wealth. This ingenious method is called economic imperialism. The map does not show it. A country may appear to be free and independent if you consult geography or an atlas. But if you look behind the veil, you will find that it is in the grip of another country or rather of its bankers and big business men. (Jawaharlal Nehru; 1934)

The prominent vehicles for the operation of neo-colonialism are Multinational Corporations (MNCs) and Bretton Wood institutions.

SELF ASSESSMENT EXERCISES

The philosophy and practice of governmental regulation of economic life to increase state power and security is called ___ (a) Mercantilism (b) Imperialism (c) Colonialism (d) Liberalism

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4.0 CONCLUSION

Colonialism exposed the continent of Africa to the vagaries of international capitalism. The after effect of European colonisation of Africa is that the continent is structurally disadvantaged in the international division of labour and exchange. This trend was continued in the aftermath of colonialism through what is generally described as neo-colonialism and the so called globalisation. In fact, neo-colonialism was described by Nkrumah as the *Last Stage of Imperialism* and often characterised by exploitation without redress.

5.0 SUMMARY

Africa's experience with European colonialism left the continent more impoverished and structurally disadvantaged vis-à-vis the functioning of world capitalism. Today, the continent is struggling to liberate itself from the shackles of alien socio-economic and political control whose seeds were sown through the process of colonialism. Even after securing independence, the economies of former colonies were still not free. This is typified in what is called in the political economy parlance as neo-colonialism. This phenomenon manifests through the activities of MNCs and International Financial Institutions (IFIs) such as the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD)/World Bank.

6.0 TUTOR-MARKED ASSIGNMENT

1. The process foreign political domination and subordination of oversea territories for effective economic exploitation is called ___ (a) Colonialism (b) Domination (c) Indirect rule (d) Assimilation
2. The continuity of exploitation of exploitation after political independence is called___ (a) Association (b) Neo – imperialism (c) Neo – colonialism (d) Neo – capitalism

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Comment [DAU122]: Check year in body of work

UNIT 3 GLOBALISATION

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Comment
    3.1 Meaning of Globalisation
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The world is increasingly becoming a global village. This is not unconnected with technological innovations in the information super highways and continued dismantling of trade barriers between nations. Massive movement of goods and capital characterizes globalisation as the phenomenon is described across national borders. This phenomenon has attracted and is still attracting increasing, albeit competing interpretation. This unit therefore examines the concept of globalisation and its implications.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Know the meaning of globalisation.
(ii) Understand the features of globalisation

3.0 MAIN CONTENT

3.1 Meaning of Globalisation

Writing on globalisation, Mussa (2000: 1) conceives it as a process of vertical and horizontal integration involving increasing volume of and variety of transnational transactions, in goods and services, in international capital flows; in human migration and through a rapid and widespread diffusion of technology. The primary mechanism of globalisation are said to include internationalisation of knowledge; open policies with respect to international trade; removal of obstacles to international capital flow and the integration of global market place. Kwanashie (1998: 34) shares this view and asserts specifically that globalisation is a process of creating global market place in which all nations are increasingly forced to participate. The key elements of this process include the interconnection of sovereign nations through trade and capital flows; harmonisation of the economic rules that govern relationship between the

sovereign nations, and the creation of structures to support and facilitate dependence as well as the creation of a global marketplace. The process is accelerated by such openings, which the advancements in information technology have provided.

Contemporary globalisation is highly information based. It combines progress in electronics, computing and telecommunication to come up with a highly dynamic process of storing, processing, transmitting and presentation of information. It gained momentum with the innovations and improvement in modern information super highways has subsequently been viewed as emphasizing on the openness of trade, factor flows, ideas and information.

It should be noted that the globalisation of capital dates back to the medieval era. In this regard, Kolodko (2004: 11) conceives globalisation as the historical process of liberalisation and integration of goods, capital and labour markets which had hitherto functioned to certain extent in separation, into a single world market place. He notes that the scope of market integration has been changing across the historical phases of the globalisation process and consequently categorized the globalisation process into three significant epochs:

i. Globalisation of the Age of Exploration between the sixteenth and mid-seventeenth centuries;
ii. Globalisation of the industrial revolution between the mid eighteen century and nineteenth centuries; and
iii. Globalisation in the Age of computers and internet especially from the last quarter of the twentieth century and beginning of the twenty first century.

Kolodko further identified six distinct phenomena, which he described as the fundamental features of modern globalization. First, is the increase in the volume of world trade to nearly twice as the volume of output. secondlyt, is the obvious increase in the capital flows. For instance, capital transfer from rich to poor countries stood at less than $28 billion about three decades ago but by 1997, it was eleven times reaching $306 billion (Kolodko, 2004: 4). The third reason is that globalisation is also associated migrations. Having observed the far reaching cultural change and the post socialist systemic transformation, Kolodko argues that globalisation is an irreversible process especially from the point of view of incredibly accelerated information flow and decreased communication and transformation cost.

Comment [DAU123]: He identified six, but only three were captured?

Nemedia (1998: 405-414) adds that globalisation has not only transformed the structure of the financial industry but also the whole financial market as evidenced by the lowering or blurring of the traditional barriers between commercial banking, investment banking, insurance and asset management. Consequently, commercial banks have expanded their operation into the field of investment banking by engaging in the operation of other financial securities. This is as a result of the boom in the equity and bond market.

The above views of globalisation is consistent with the classical liberal view which for Yusuf Shahid (2000: 6-23), will promote economic growth for all countries. Conceived in this way, globalisation is assumed to encourage positive competition and free trade since the abolition of trade restrictions is believed to expand the market for domestic products by boosting export earnings and in turn generate foreign exchange earnings that will lead to the expansion of economic activities in the country. This will also boost productivity and employment, further facilitate migrations and the diffusion of technical skills, and experience at a global level. In effect, what Yusuf is saying is that globalisation will make it possible for developing countries to tap into the technologies of the developed nations to boost their agriculture and consequently become better positioned to appropriate from the dividends of a rapidly globalizing world to enhance the state of human security in their countries.

Comment [DAU124]: Remove

Comment [DAU125]: Revisit the grammar and use Shadid. Note that it is not in reference

Comment [DAU126]: Replace with Shahid

There however exists divergent view on globalisation emerging mostly from the third world. Asobie (2001), harnessed these divergent view and notes that the introduction of market forces, including the price mechanism, into a society tends to dissolve traditional social relations and institutions, subject the economy to cyclical crisis, and, through the stimulation of narrow specialisation, results in external dependencies, which increase national vulnerabilities.

Secondly, he notes that although every nation can take advantage of the global market opportunities to accelerate the rate of its growth, in practice, the spread of economic activities and therefore, the rate of growth in a market system, tend to be uneven due to varying resource endowment of nations. This, to him is the real reason for state intervention into the economy. He therefore identifies the contradictions facing the bulk of the third world economies in the globalisation process as the realisation that the same process, which holds the prospects for economic growth and development, also inflicts some undesirable consequences that can perpetuate under development.

Comment [DAU127]: Consider using his name than enumerating as there is no more point beyond this

Globalisation implies the growth of a world system characterised by global accumulation, global dependency and the universalisation of market economy and relations. Here, there exist across national flows of investment, capital, goods and resources on the wider scale with little or no constraints. This process is immensely facilitated through the activities of the Multi-National Corporations (MNCs) and the Bretton Woods institutions such as International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD).

Globalisation has also been conceived as an extension of imperialism. Ghosh (2O01: 156; Petras, 1999:8) are of the view that in the seventeenth century, one third of British capital formation was derived from the international slave trade. Here, mercantilist globalisation manifested through the exploitation and accumulation of resources through trades and commerce. This was extended into the nineteenth

century through the accumulation of capital and resources from the colonies. Contemporary globalisation differs from the mercantilist globalism in that the former is highly planned, systematic and subtle, in contradistinction to the crude, erratic and unidirectional flow of resources associated with the globalisation of the mercantilist era. Ghosh notes that whereas capitalist imperialism attempted to spread globalism from the sphere of production, modern globalisation transcends this and seeks to extend globalisation to other areas such as distribution. It further seeks to integrate the Less Developed Countries (LDCs) into the framework of world capitalism to make them more dependent in the global economy characterised by asymmetrical competitions. This renders the LDCs more vulnerable to exploitation and the extraction of surplus.

Comment [DAU128]: Year Pg.

The following features have been identified as peculiar to modern globalisation:

i. It is a process binding all individuals, institutions and nations into a common set of market relations.
ii. It is a calculated economic strategy of the capitalist economies and institutions to reinforce capitalist process of growth on every country.
iii. It is a means to extract surplus through the exploitation of cheap labour.

The principal channels through which globalisation operate include the various nation states, which continuously advocate for globalisation; the Bretton woods institutions which have consistently encouraged structural adjustments and reform policies that encourage globalisation. Such policies encourages trade and financial liberalisation, privatisation, deregulation and other market policies; There also exists the class of the comprador, some of which received western education and holding important channels for the spread of the idea of globalisation.

Comment [DAU129]: What of the World Trade Organization (WTO)? You may wish to consider that

SELF ASSESSMENT EXERCISE

Which of the following is not a primary mechanism used by globalization? (a) Internationalization of knowledge (b) Open policies with respect to international trade (c) Removal of obstacles to international capital flow (d) Elimination of capitalism and its tendencies.

Comment [DAU130]: As above SAE

4.0 CONCLUSION

Globalisation has been described as another phase of imperialism. It has significantly reduced the barriers to interstate relations among nations. It has also stimulated new regimes of trade agreements through the World Trade Organisation (WTO) which replaced the General Agreements on Trade and Tariff (GATT) in 1995. There however exist remarkable opposition to globalisation both within the developed and developing countries. Despite these oppositions, the phenomenon continues to unfold.

5.0 SUMMARY

This unit examined the meaning and functioning of the globalisation process. It highlighted various notions of the process and concluded that the phenomenon has both positive and negative implication for the economies of developing countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Which of the following is the principal channel through which globalisation operate? (a) The Bretton woods institutions (b) Academic Staff Union of Universities (c) International LabourOrganisation (d) International Court of Justice

7.0 REFERENCES/FURTHER READING

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Shaidi, Y.

Comment [DAU131]: cite

UNIT 4 MULTINATIONAL CORPORATIONS

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Multinational Corporations
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

One of the medium through which neo-colonialism functions is through the activities of MNCs. These corporations exist across national borders and conduct a variety of transnational businesses in both their parent and host countries. This unit examines the nature and activities of multinational corporations in Africa.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Understand the meaning and nature of multinational corporations
(ii) Know how Multinational Corporation operate in Africa as agents of imperialism.

3.0 MAIN CONTENT

3.1 Multinational Corporations

Multinational corporations refer to business conglomerates that have their operations across national boundaries. They are sometimes called Transnational Corporations (TNCs). Their activities usually transcend the frontiers of different countries by establishing branches in other countries. In the views of Kegley and Wittkopf, they are business enterprises organised in one society with activities abroad growing out of direct investment (as opposed to portfolio investment through shareholding). MNCs are usually hierarchically organised and centrally directed. Quite often, they have a broader than national perspective with respect to the pursuit of highly specialised objectives through a central optimising strategy across national boundaries. (Huntington; 1973).

They usually engage in Foreign Direct Investments (FDIs). Prior to the World War II, most MNCs established foreign operations to secure sources of raw materials especially in the colonised parts of Africa, Asia and Latin America. However, since the end of the World War II, these corporations have dramatically grown in size and influence in the expanding world economy. For instance, some MNCs based in the USA, Europe and Japan began to invest in the manufacturing and services sector. Their activities usually include banking, manufacturing, transportation, mining and communication. Consequently, MNCs have significantly become an object of considerable discussion in policy and academic cycles.

Richard J Barnet and Ronald E. Muller (1974) refers to the global reach of the multinational corporations George W. Ball (1971) coined the term *cosmocorp*to suggest their increasing role in the international arena. On the other hand, scholars like David Blake and Robert Walters often pose the question on whether the MNCs are source of growth or underdevelopment for the host countries. Still, Anthony Sampson (1975) focused on the oligopolistic aspirations of the major oil companies known as *Seven Sisters.* It has also been argued that since some MNCs sometimes operate in seeming autonomy and with resources that sometimes exceed the Gross National Products of it host country and since they not only focus on strategic industries like oil but also participate in the international cartel designed to control the international price and production, the MNCs are both source of capital investment and threats to the nation-state (Kegley and Wittkopf; 1989:159).

Comment [DAU132]: Cite as Barnet and Mullers (1974) remove the first names and abbreviations.

Comment [DAU133]: Year and Pg. use their surnames only

Comment [DAU134]: Remove

It is noteworthy to state that the activities of MNCs have stimulated intense controversies between the scholars from modernisation and dependency orientation. These controversies arise from the facts of their growing numbers and intimidating economic clout. For instance whereas western scholars insist that MNCs are agent of development as they initiate and sustain investment especially in developing countries with their FDIs. Their position is that MNCs through their investments create jobs and attract capital and technology to the areas where they operate in the Third World. There however, exist radical scholars who posit that the MNCs have contributed immensely to the impoverishment of the bulk of the Third World. Their argument is that the MNCs have contributed to unemployment in developing countries where they operate since they often hire expatriate worker for their oversea offices. Specifically, Onimode (1988) insists that it is important to analyze MNCs in the context of world imperialism in order to gain a correct appreciation of their role in the continued underdevelopment of the bulk of the Third World.

It has been estimated that between 1960 and 1980, the revenue of the top 200 multinational companies escalated as their combined share of the world's gross domestic product increased from 18% to 29 percent. Similarly, in the early 1980s, about 18,000 MNCs worldwide controlled assets in two or more countries and these corporations were responsible for marketing roughly four-fifth of world trade excluding that of the centrally planned economies of Eastern Europe (Kegley and Wittkopf; 1989). One central thing about MNCs is that they are usually from

Comment [DAU135]: Source? Very important

developed countries of Europe, United States, Canada and Britain where they have their headquarters. In recent times, some MNCs now originate from newly industrialised countries of Hong Kong, Korea and Singapore. In today's world, it is no overstatement to assert that the MNCs have become so powerful with far reaching tentacles that curiosities are rising on whether they undermine the abilities of supposed sovereign states to control their economies and the foundations upon which the present international system was built.

David E. Apter and Louis W. Goodman (1976) maintain that MNCs hold a unique position among growth-inducing institutions able to affect the direction of development. They may induce or impede development. As such, Third World countries often view the MNCs with considerable suspicion. It has also been established that the movement of capital from the First World to the Third World has produced net gains for the developing and underdeveloped countries.

Comment [DAU136]: Use Apter and Goodman ()1976

It is assumed that the MNCs are mere continuation of organised capital, representing the capitalist mode of production, penetration and expansion at the present stage of imperialism. They are vital vehicles for the exportation of capital to overseas territories and they facilitate the unequal terms of trade or exchange relations between developed and developing countries. Below is a checklist of the advantages and disadvantages of MNCs.

Positive

i. MNCs increase the volume of world trade.
ii. Assist the aggregation of investment capital that can fund development.
iii. Finance loans and service international debt.
iv. Lobby for free trade and the removal of barriers to trade, such as tariffs.
v. Underwrite research and development that allows technological innovation.
vi. Introduce and dispense advanced technology to less-developed countries.
vii. Reduce the costs of goods by encouraging their production according to the principle of comparative advantage.
viii. Generate employment.
ix. Encourage training of workers.
x. Produce new goods and expand opportunities for their purchase through the internationalisation of production.
xi. Disseminate marketing expertise and mass-advertising methods worldwide.
xii. Promote national revenue and economic growth; facilitate modernisation of the less-developed countries.
xiii. Generate income and wealth.
xiv. Advocate peaceful relations between and among states in order to preserve an orderly environment conducive to trade and profits.

xv. Breakdown national barriers and accelerate the globalisation of the international economy and culture and rules that govern international commerce.

Negative

i. MNCs give rise to oligopolistic conglomerations that reduce competition and free enterprise.
ii. Raise capital in host countries (thereby depriving local industries of investment capital) but export profits to home countries.
iii. Breed debtors and make the poor dependent on those providing loans.
iv. Limit the availability of commodities by monopolising their production and controlling their distribution in the world market place.
v. Export technologies that are ill-suited for underdeveloped and developing economies.
vi. Inhibit the growth of infant industries and local technological expertise in less-developed countries while making Third World countries dependent on First World technology.
vii. Collude to create cartels that contribute to inflation.
viii. Curtail employment by driving labour competition from the market.
ix. Limit wages offered to workers.
x. Limit the supply of raw materials available on international markets.
xi. Erode international cultures and national differences, leaving in their place a homogenised world culture dominated by consumeroriented values.
xii. Widen the gap between the rich and poor nations.
xiii. Increase the wealth of local elites at the expense of the poor.
xiv. Support and rationalise repressive regimes in the name of stability and order.
xv. Challenge national sovereignty and jeopardize the autonomy of the nation-state.

Comment [DAU137]: Any source for this?

The powers of MNCs are often alleged to be exercised at great cost to their home countries. They are also charged with shifting productive facilities abroad to avoid demands by powerful labour unions for higher wages. It is therefore argued that the practice of shifting production from industrially advanced countries to industrially backward countries, where labour is cheap and trade unions weak or non-existent result in structural unemployment in advanced economies. The ease to shift production is facilitated by the fact that the mobility of capital is much easier than labour. However, there also exist contentions that MNCs in USA help to reduce the nation's balance of payments deficit, create new employment opportunities, and promote competition in both domestic and foreign markets.

Comment [DAU138]: Contentions form which scholars?

The *modus operandi* include:

i. Use of MNCs as vehicle of export of capital to the developing countries.
ii. Use of MNCs as vehicle for unequal terms of trade.
iii. Use of MNCs for access to the markets of the developed countries.
iv. Aids and Technology.

Comment [DAU139]: formating

Multinational corporations have played, and continue to play a critical role in the generation and intensification of the contradictions of underdevelopment in Africa and throughout the third World. As opposed to the misleading conception of MNCs as partners in the development of African economies, empirical realities suggest that MNCs in Africa are agents for the pillage of natural resources, super exploitation of labour, net transfer of capital from poor countries, technological retardation, structural distortions, political instabilities, cultural degradation and other abuses on Third World countries. (Ake*cited in* Ihonvbere, 1991)

The expansion of multilateral imperialism as evident in the activities of Multinational corporations is one of the fundamental adjustments to the structural crises of capitalist expansion associated with the weakening of European imperialist power as a result of World War II. It is important to note that the emergence of USA as the strongest capitalist country in the post- war era and her urge for vast trade and investment outlet propelled the launching of the Marshal Plan and transition to multilateral imperialism. For the war fatigued European powers, they needed to retain their interests and to contain the anti-imperialist nationalism in their colonies. This in effect, required the unity of all imperialist powers under US domination and a change in the strategy of colonial exploitation.(ibid) The inevitable consequence therefore became neo-colonialism through the MNCs and the Bretton Woods system which together with its component institutions, the International Bank for Reconstruction and Development (IBRD) or World Bank, the International Finance Corporation (IFC), the International Monetary Fund (IMF), and the General Agreement on Trade and Tariff (GATT) were launched in 1944.

Comment [DAU140]: Any source for this paragraph?

The MNCs on their part reflected the ascendancy of a new international division of labourcentred on their new corporate structures, global spread, diverse activities, enormous resources and rapid growth. The motive of the MNCs regardless of their nationality remained the exploitation of all existing inequalities including human ones, purely and simply for their own gain. Consequently, the more there exists liberalisation, the more the growth and expansion of these companies. To this effect, the MNCs usually demand the abolition of customs barriers (through GATT) and the elimination of restrictions on foreign investment (through the IMF and IBRD) for the internationalisation of accumulation. In line with this, MNCs develop highly centralized organisations; monopolistic competitions; the insertion of representatives in the “host” state; investments at a loss for protecting markets and sources of raw materials; and joint ventures. The joint ventures in particular offer the MNCs several advantages, such as insurance against nationalisation, easy profit repatriation; a docile

labour force; such incentives as local loans; and importation of raw material and spare parts, as well as first claim to local raw material, market, management, skilled labour and distributive outlet, including state networks.

Multinational corporations further blur the visibility of the imperialist strategy of domination by shifting it to objective economic plane thereby facilitating the quiet penetration of their host state by the corporations as well as the advancement of the foreign policy objectives of their home countries. They play critical roles in the development of international division of labour through the internationalisation of capital and production. MNCs serve to offset the tendency to falling rate of profit and advance the global accumulation of capital. This, in effect accentuates the centre-periphery dichotomy and Africa's dependence on the industrialised metropolis. This strategy further ensures that the MNCs are not only the dominant purveyors of monopoly capital and technology, but also the critical actors in the dialectics of development in the centre (the imperialist countries) and underdevelopment in the periphery. This ensures the survival of imperialism by guaranteeing it a region of the world that will remain as the extensive margin of neocolonial exploitation for resolving its basic contradictions in the advanced countries.

Comment [DAU141]: I guess it is not only your thought. If so pls cite work to run away from any controversy.

The scope of the activities of MNCs in Africa can be traced to the activities of old colonial mercantile house, such as the Royal Niger Company, United African Company (UAC), Chandria in Kenya, Lever Brothers etc. The growth of monopoly capital from the 1880s and the emergence of multilateral imperialism after 1945 compelled these mercantile houses to divert their investment portfolios into agriculture, mining and manufacturing. The stiff tariff protection of early postcolonial nationalism encouraged the establishment of multinational affiliates as "tariff factories" in Third World countries. The motive of these MNCs have historically been analysed by Lenin, Hobson and others as the falling rate of profit from shrinking home markets. (Lenin 1939; 89) Apart from the search for profitable investment outlets for surplus capital and for protected markets, control over sources of such raw materials as oil, copper, rubber etc. has remained a major motive of multinational activity. The exploitation of cheap labour in low wage countries is also an important source of the super-profits of the MNCs. Other advantages sought by the MNCs include risk minimisation through geographical spread, checking competitors globally or at home, exploitation of the monopoly advantages of a new product and reaping economies of scale.

In Nigeria, the role of oil multinationals in shaping the nation's development cannot be over-emphasised. These companies apart from influencing political power groups, and decision centres, at times dominate the national economic policies and political direction the country should take. The major oil companies operating in Nigeria include the followings: Shell, Exxon-Mobil, Chevron, Agip, Elf, Statoil/BP and TEXACO. Mobil Oso condensate plant was constructed with an estimated **USD**1 billion. Shell increased its annual investments in the oil sector from **USD**700 million in 1989 to **USD**1.2 billion by 1992 as part of a **USD**5.6 billion five-year programme

(Obi; 1993). This development, coupled with the signing of production agreement between the Nigerian government represented by the Nigeria National Petroleum Company (NNPC) with Shell, Chevron, Elf and Mobil in 1993 have resulted in the frustration of the growth of indigenous petroleum entrepreneurship in Nigeria. Agbu (2000: 112) conceives this as the unchallenged hegemony of foreign oil companies in Nigeria's most strategic economic sector- the oil sector.

In Nigeria, oil companies have been accused of corrupting and influencing public officials. For instance, in certain cases, officials may be bribed to produce false statistics on oil data or to keep false accounts of the sale of oil. Agbu observed that sometimes the unsavoury activities of some of the oil companies is as a result of the ignorance of Nigerian officials. A good example occurred when it was realised that the expensive oil refinery built in Kaduna at the cost of about **N**5, 000 million (Naira) could only refine imported heavy crude, and that it was not suited for the refining of Nigeria's low sulphur crude (*ibid*).

Furthermore, it was also realised that at the wake of the Ogoni crisis, Shell was accused of bribing security officials to terrorise environmental and human rights activists in the oil producing communities through punitive operations. Shell also buys substantial amount of firearms through open tender for its own use and the arming of its security personnel. This is what Claude Ake (Ake,*Guardian* 1996) referred to as the privatisation of state security. So far the inhabitants of the oil producing communities in Nigeria have continued to protest their disadvantaged position, especially as it concerns the regime of political marginalisation, economic exploitation and ecological degradation in the Niger Delta. This is exemplified in the clashes between state security forces and the people of Ogoni, Odi and Choba in Rivers and Bayelsa states and most recently, the incidences of hostage taking of expatriate oil workers in Delta and Bayelsa states. It is therefore not an overstatement to assert that the control of oil by hegemonic and extractive external multinationals operating in Nigeria will continue to subvert and constrain the country's ability to national development and peaceful coexistence of the various ethnic nationalities that make up the body polity.

Comment [DAU142]: Ake (1996) referred…….revist pls

SELF ASSESSMENT EXERCISE

What is a business conglomerates that have their operations across national boundaries called? (a) International trade (b) Multinational corporations (c) International migration (d) International Bank for Reconstruction and Development

Comment [DAU143]: As above SAE

4.0 CONCLUSION

National Multi Corporations in Africa have often operated as agents of neo-colonialism and have often been associated with the repatriation of capital (capital flight) to their parent countries from the proceeds they generate in the host countries.

Critics of their activities insist that this practice deprive the host countries of the needed capital for infrastructural development within the country.

5.0 SUMMARY

This unit set out to examine the nature and activities of MNCs in their host countries. It observed that despite the fact that these corporations contribute to national economic life of their host countries, the impact of the exploitation are far reaching in those countries. As such, they constitute a vehicle for neo-colonial exploitation of the host countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Which of the following is not a positive effect of multinational corporations? (a) They increase the volume of world trade (b) They assist the aggregation of investment capital that can fund development (c) They lobby for free trade and the removal of barriers to trade, such as tariffs. (d) They contribute to change of government that fail to advance their interest.
2. Which of the following is not a modus operandi of multinational corporations? (a) Use of MNCs as vehicle of export of capital to the developing countries. (b) Use of MNCs as vehicle for unequal terms of trade. (c) Use of MNCs for access to the markets of the developed countries. (d) Use of MNCs to transfer profit from advanced capitalist countries to the less developed countries.

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No Apter and Goodman; Kegley and Wipkoff

Comment [DAU144]: Cited but missing in rerefernce. Cross check the work for more

UNIT 5 THE BRETTON WOODS SYSTEM

CONTENTS

1.0 Introduction
2.0 Objective
3.0 Main Content
    3.1 Nature and Role of Bretton Woods System
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Since the end of the World War II, several pro-capitalist institutions emerged to regulate the post war international economic relations. Prominent among them is the Bretton Woods institutions such as the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). This unit examines the nature and relevance of the Bretton Woods institutions to post World War II economic challenges of western nations of Europe and America as well as the developing countries of post-colonial Africa.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Explain the nature and role of BrettomWoods system.

3.0 MAIN CONTENT

3.1 Nature and Role of Bretton Woods System

The end of the First World War resulted in the first international monetary system based on gold and pounds sterling under British hegemony. This financial regime however collapsed in the 1930s as a result of the massive dislocations of the Great Depression (1929-32) and the events surrounding the Second World War from which the US emerged as the strongest capitalist economy. (Onimode; 1988: 279)

Similarly, the end of World War II brought several development challenges for the devastated economies of European states, which were in dire need of credible institutions that will facilitate their quick recovery. The search for a new international monetary system led to the Bretton Woods Agreement of 1944 under the intellectual leadership of Keynes from Britain and America's Harry Dexter White. Keynes

suggested the establishment of an international monetary institution (the IMF) to create and manage an international currency called "bancor" that will eventually become the main reserve currency. Since the IMF could only lend what it could borrow, and the US was the only major source of credit, America dominated the new international financial system.

Consequently, several nations gathered in 1944 at Bretton Woods, New Hampshire, and worked out agreements that led to the formation of the major economic institutions. These institutions include the General Agreement on Trade and Tariff (GATT) which later became the World Trade Organisation (WTO) in 1995, the Bretton Woods Exchange rate system, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) or World Bank. These institutions emerged to regulate exchange rates and foster the reconstruction of the economies of many European countries that were devastated during the war. They also acted as the mediums through which nations foster economic cooperation as well as coordinate their policies in the quest for solutions to common problems.

Onimode described the Bretton Woods system as a by-product of development of the capitalist international division of labour, which imposed primary production on the dominated Third World countries (TWCs) while the Industrialised Capitalist Countries (ICCs) monopolised manufacturing, technology and finance capital. The development of capitalist international division of labour is synonymous with the expansion of the capitalist world market or trade, capital and labour force. As such, it relies on exchange, which requires currency as a numerator or measure of value, as a means of payment for reckoning credit and debits and as an instrument of foreign reserves. It is his view that these international functions of currency require an international institution such as the IMF to create, manage and distribute it.

Based on this, he maintained that the emergent international monetary system exist to respond to the needs and policies of world capitalism. Consequently, he argued that just as a national economy requires a central bank, so also does world capitalism organised under the hegemony of its most powerful economy whose currency emerged as the dominant reserve currency of imperialism. US control of about 59% of global gold reserve in 1945 and 72% in 1948 gave her financial hegemony, which lasted from 1944 to 1960, and the dollar was graded as gold for reserve currency. This convertibility made it easy for foreigners to convert the dollar to gold.

However, the rebuilding and recovery of Japan and several European economies in the 1960s posed a challenge to the continued dominance of the US. Consequently, America gradually piled up increasing balance of payment deficit and subsequently lured Europe into the Gold Pool of 1961-68 from which France pulled out in 1967. The IMF also financed 10% of US trade deficit between 1960 and 67.

Comment [DAU145]: Which of Keynes work? Cite source

Comment [DAU146]: Cite Onimode well. Year and Pg.

Comment [DAU147]: Source?

Comment [DAU148]: Source?

It is necessary at this point to give brief description of the International Monetary Fund (IMF) and the International Bank for reconstruction and Development (IBRD) or World Bank. The IMF is an integral part of the Bretton Woods system. It administers the International Monetary system and operates as a central bank for various national central banks. Its mode of operation requires member nations to subscribe by lending their currencies to the IMF; the IMF then relends these funds to assist countries in balance of payment deficits. Its main function is to make temporary loans to countries which have balance of payment problems or are under speculative attack in financial markets. The IMF main official goal as contained in Article VIII of its Article of Agreement stipulates that:

Comment [DAU149]: Cite the yera

> No member may, without the approval of the Fund, impose restrictions on the making of payments, transfer for current international transactions, or engage in discriminatory currency arrangements or multiple currency practices.

In line with this, the IMF fosters the maintenance of balance of payment equilibrium and the promotion of economic growth in individual member countries. This is another international financial institution established after the Second World War. The bank is capitalised by high-income nations that subscribe in proportion to their economic importance in terms of Gross Domestic Products (GDP) and other factors. The bank makes long-term low interest loans to countries for projects which are economically sound but which cannot get private sector financing. The long-term loans ensure that good and services flow from advanced nations to developing countries. In 1999, the World Bank Group had outstanding loans in developing countries of $119 billion and made new loan commitments of $22 billion. The specific official objective of the IBRD include the promotion of economic reconstruction of Western Europe and Japan in post-World War II era and the general economic development of these post war nations.

Comment [DAU150]: Source?

There has however emerged contention that the common fundamental objectives of both the IMF and the IBRD is to aid the construction and consolidation of the international capitalist system based on capitalist production and exchange under multilateral market forces for the accumulation of economic surplus by private capital without state restrictions. Articles 1 of the Fund's Article of Association give it a major role in the establishment of a multilateral system of payment with the elimination of foreign exchange restrictions. As such, it has often been argued that imperialist conspiracy manifested in the operation of the Bretton Woods network.

While the World Bank looked after imperialist investments, the GATT treaties policed free trade and the IMF imposed currency convertibility. Generally, the IMF and IBRD has since the 1970s and 80s provided loans to several Third World Countries (TWCs) faced with shortages of foreign exchange. For instance, between 1973 and 1979, the IMF provided several countries in sub-Saharan Africa with soft

credits and other financial assistance from the IMF to deal with balance of payment deficits, while the World Bank offered loans for anti-poverty projects under it rural development programme. These practices have often provided both institutions the opportunity to prescribe policies to these countries. (Onimode; 1988: 279)

Specifically, the IMF has since 1979 been offering more assistance to Africa under its Stand-by Arrangement of Extended Fund Facility with tough preconditions. Similarly, the IBRD has since the 1980s been shifting from its project tied loans for poverty programmes to the provision of structural adjustment loans. As such, both institutions have been coordinating their lending policies towards the developing countries under increasingly similar stabilization programmes with the imposition of pernicious preconditions on the national policies of these poor countries (Onimode 1988). The preconditions which are usually associated with the IMF conditionalities include:

i. Trade Liberalisation which is the abolition of foreign exchange controls and import restrictions;
ii. Devaluations of the exchange rates of national currency which raises the price of import in domestic currency and lowers the price of exports in terms of foreign currency;
iii. Monetary anti-inflationary measures such as the control of bank lending (credit), higher interest rates and possibly higher reserve requirements for commercial banks;
iv. Fiscal anti-inflationary programmes such as control or elimination of government's budget deficit, reduced spending, increases in taxes, higher prices to be charged by public enterprises, and withdrawal of subsidy (for example, on education, health, petrol, agriculture and so on);
v. Anti-inflationary control of wage increase;
vi. Anti-inflationary dismantling of price controls and minimum wages;
vii. Open door policy on foreign investment and multinational corporations; including free repatriation of profits;
viii. Reduction of spending on social services such as education, health, housing and so on; and
ix. Privatisation or sale of public enterprises (parastatals) to local and foreign capitalists. These preconditions are usually imposed in the *Letter of Intent* to lend by both the IMF and IBRD.
(Onimode; 1988: 285)

Onimode contends that these conditions are discriminatory in character, uniform in their imposition on poor borrower countries and inconsistent with the prescriptions of economic theory. In his views, these conditions were nonexistent between 1947 and 1977 and during the chaotic monetary disorders of the 1970s when the countries of Western Europe were borrowers. Similarly, he argued that the IMF imposed no discipline on them but that the crises of the Third World countries attracted maximum

sanctions despite the fact that the root causes of these crises is the abuse of the international capitalist system. He further criticised these Bretton Woods institutions as bad doctors that prescribed the same treatment for all patients (countries with balance of payment deficit or external debt crises.) These alien prescriptions sometimes contradict the solutions prescribed by economic theories for dealing with balance of payment deficits, external debt problems and general economic crises.

SELF ASSESSMENT EXERCISE

The abolition of foreign exchange controls and import restrictions is generally referred to as ___. (a) Currency devaluation (b) Trade liberalization (c) Exchange rate control (d) Democratisation

Comment [DAU151]: As above comment on SAE

4.0 CONCLUSION

This unit examined the nature of the Bretton Woods system and their contribution to the development of Africa. It observed that whereas the IMF and IBRD played critical roles in the reconstruction of post war countries of Western Europe, the reverse is the case with respect to the states in post-colonial Africa. This explains why critics of the Bretton Woods system insist that these institutions contribute to the continued underdevelopment of the African continent.

5.0 SUMMARY

The above highlight indicates that the Bretton Woods institutions contribute significantly to the continued underdevelopment of states in post-colonial Africa. It does this with loans of sometimes, questionable legitimacy and stringent conditionalities. The overall implication of this is that many states in post-colonial Africa are now trapped in what has been variously referred to as *debt trap.*

6.0 TUTOR-MARKED ASSIGNMENT

1. The Bretton Woods system came on board at the end of ___ (a) World War I (b) World War II (c) Cold War (d) Civil War
2. Which of the following is not a Bretton Woods institution? (a) International Bank for Reconstruction and Development (b) International Monetary Fund (c) International LabourOrganisation (d) General Agreements on Tariffs and Trade/ World Trade Organisation

7.0 REFERENCES/FURTHER READING

Onimode, B. (1988). *A Political Economy of African Crisis.*London and New Jersey: Institute for African Alternative, Zed Books.

Samuelson, P.A. and Nordhaus, W.D. (2002).*Economics.*New Delhi: Tata McGraw Hills.

MODULE 5: **The Political Economy of Nigeria**

Introduction

The need to look carefully at the political economy of Nigeria has become increasingly expedient particularly after nearly six decades of her independence and over two decades of Nigeria's return to democracy since May 29, 1999. Some critical issues have continued to shape the socio-economic and political development of Nigeria. This module, which comprise of five units is aimed at explaining those political economy issues that have continued to shape the development of post – independent Nigeria.

Unit 1 Oil Dependent Economy
Unit 2 State and Resource Management
Unit 3 Question of Development
Unit 4 Political Economy of Insecurity
Unit 5 Political Economy of Elections

UNIT 1 OIL DEPENDENT ECONOMY

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Oil Dependent Economy
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Nigeria has been a largely agrarian economy prior to the discovery of crude oil in 1956. Since she began to explore oil in 1958, there has been gradual abandonment of other sources of foreign exchange earnings and more concentration on petro-dollar. This unit examines the implications of oil dependent economy for the survival of Nigeria as a state.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Explain Nigeria's slide to oil dependent economy
(ii) Know the implications of oil dependence on Nigeria's economy.

3.0 MAIN CONTENT

3.1 Oil Dependent Economy

Nigeria has over the years survived majorly by the exploration and exporting of crude oil. Wealth generated from crude oil has been responsible for virtually everything in Nigeria, ranging from politics, the debate on resource allocation and manipulation of primordial sentiments, leading to a myriad of challenges that have made the formation of national identity elusive. Policy direction also had been motivated by the avalanche of crude oil. The overdependence of Nigeria on the income generated by this natural resource has not solved the numerous problems that have bedeviled the country. Among those challenges are insecurity, terrorism, inequality, tribalism, deprivation and poor policy making strategies among others.

Nigeria's predicament began with the OPEC crisis of the early 1970s, which led to significant changes in the world oil market as the price of crude oil skyrocketed from $3 per barrel to $12 per barrel in 1974. In the wake of the oil boom, the Iranian

revolution of 1979, and subsequently the Iraq-Iran war that began in 1980 both contributed in further increasing the price of crude oil from a $14 per barrel in 1979 to $35 per barrel in 1981.

Comment [DAU152]: Source?

The most provocative policy of the Nigerian government was the dependence on oil resources as a source of foreign exchange earnings to the detriment of agriculture. However, the collapse of oil prices in 1986 produced severe consequence such as a shift in the global economy that triggered a crash of the stock market, soaring inflation, and high unemployment rate in Nigeria. By implicationthe dependence on oil revenue to finance national development has made the Nigerian economy highly susceptible to oil price volatility.

Comment [DAU153]: How?

Resource dependent societies hardly achieve tangible development. In Nigeria for instance, resource abundance has been seen as a curse as it has plunged the country into poverty instead of prosperity, underdevelopment instead of development, and insecurity instead of security (Ibeanu, 2008; Omeje, 2006). Continual agitations for resource control and the question of ownership will continue to plague the Nigerian state. There are no evidences of any significant improvement in the quality of life of Nigerians.

To this end, Acosta and de Renzio (2008) state that rent dependent countries have a high tendency to mismanage the economy. This explains the volume of recklessness and mismanagement of public funds through embezzlement, bribery and extra-budgetary spending in Nigeria.

Following the decline in oil revenues in 2015, the Nigerian government was forced to seek economic diversification and has identified agriculture as one of its key goals to help address the country's dependence on food imports. Greater volatility and uncertainty is manifested in the massive fall of oil prices following the corona virus (Covid 19) pandemic that has ravaged the entire world. Some of the consequences of volatility in crude oil prices on Nigeria and many other resource dependent economies according to Shaibu (2017) are;

- **Fall in Government Revenue**

As the price of the commodity dropped Nigeria's federally-collected revenue plunged showing the country's perennial vulnerability.

- **Balance of Trade Negative-bound**

Nigeria's balance of trade has mostly been in positive territory, as the country makes more money from crude oil sales than it spends on imports for goods and services. Any reduction in oil prices however pushes Nigeria to a negative balance.

- **Increase in Debt Profile**

Whenever revenues dip suddenly, Nigeria has either taken from its savings or expanded debt with great audacity. Following the fall of the prices of crude oil as a

result of the Covid 19 pandemic, Nigeria's internal and external debts have skyrocketed.

Comment [DAU154]: Give a picture of the situation

- **Currency takes a hit**

Wherever oil goes, the worth of Nigeria's currency s always sure to follow; the Naira will often immediately lose its value against the Dollar, in times of uncertainty. Since foreign exchange receipts from oil are responsible for 90% of export earnings, it is impossible for Nigeria to keep a strong currency, considering that its imports bill remains sizeable.

Comment [DAU155]: remove

- **Capital Expenditure in Crisis**

When oil prices crash, capital expenditure becomes an obstruction of sorts to development, because recurrent expenditure is made somewhat sacrosanct via legislation.

- **Sub-National Government fail**

Virtually all the states in Nigeria are dependent on federal allocation to carry out any project and even pay salaries of their workers. So, a fall of price of crude oil is an automatic failure of these states to meet their obligations. When Nigeria slides into recession in 2015, many states could not pay their workers. A worse scenario is expected with the ravaging of the Covid 19 Pandemic.

Comment [DAU156]: How? Justification necessary to support such assertion

The way out of this is the diversification of the economy away from crude oil. The agricultural sector, solid minerals and other non – oil sectors of the economy must be pursued by the Nigerian government. This is the way out of the shocks of oil volatility.

SELF ASSESSMENT EXERCISE

Which of the following has been the mainstay of Nigerian post – independent economy? (a) Solid minerals (b) Agriculture (c) Information and Communication Technology (d) Crude oil

Comment [DAU157]: As above SAE

4.0 CONCLUSION

This unit examined the implication of oil dependence for the survival of the Nigerian economy. Nigeria has been a victim of oil price volatility. Survival and sustenance of the Nigerian economy is predicated on the capacity of the Nigerian government to pursue aggressive diversification.

5.0 SUMMARY

Nigeria discovered oil in 1956 in Oloibiri in present day Bayelsa state and began exploration in 1958. After over six decades of oil exploration, Nigeria has consistently been a victim of oil price shocks and volatility. Resources of the country have been consistently mismanaged. To avoid such mismanagement, corruption and other

economic crises of this system, the Nigerian government must urgently diversify the economy away from crude oil dependence.

6.0 TUTOR MARKED ASSIGNMENT

1. Which of the following is not a consequence of oil price volatility? (a) Fall in Government Revenue (b) Balance of Trade Negative-bound (c) Increase in Debt Profile (d) Positive image of Nigeria abroad
2. What can the Nigerian government do to drive the country away from oil dependency? (a) Devaluation of country's currency (b) Trade liberalisation (c) Political freedom (d) Diversification of the economy

7.0 **REFERENCES/FURTHER READING**

Acosta, A. M., & de Renzio, P. (2008).*Aid, rent and the politics of the budget process.* Sussex: Institute of Development Studies.

Ibeanu, O. (2008). *Affluence and Affliction: The Niger Delta as a Critique of Political Science in Nigeria.*Nsukka: University of Nigeria, Nsukka.

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Shaibu, E. M. (2017). Economic Diversification and the Challenges of Sustainable Development in Nigeria: A Focus on New Opportunities. *Journal of Research and Development in Arts and Social Sciences(JDRASS),* 1 (2).

UNIT 2 STATE AND RESOURCE MANAGEMENT

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 State and Resource Management
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The state owes the responsibility of mobilising available resources and allocating them accordingly. This unit examines the role of the Nigerian state in the harnessing and allocation of the available resources. The effectiveness or otherwise of resource

management is essential in the understanding of the current state of development of Nigeria.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Know the role of the Nigerian state in resource management.
(ii) Understand the implications of the state management of resources for the development of Nigeria

3.0 MAIN CONTENT

3.1 State and Resource Management

Nigeria has abundant human and natural resources. There is virtually no state in Nigeria that does not have concentrated number of natural resources. Part of the plethora of natural resources are; oil and gas, rubber, iron ore, coal, ignite, cocoa, coffee, tin, ply wood, lead, gold, palm oil, etc. resource endowment therefore refers to the concentration of natural resources in a locality. The exploration and adequate utilization of those resources usually help to jump start development (Peter and Ocheni, 2015).

Resource utilization on the other hand refers to the pattern of resource allocation and things they are used for. The character of the Nigerian state relates to the prevalence of certain dominant forces within the country in the process of resource allocation. Divergent interests and the struggle for the realization of one's interest at the expense of others made conflicts inevitable in societies before, now and in the future.

Comment [DAU158]: Put it in such a way that justify why it may happen

The legal foundation empowering the state to carry out the task of resource mobilization and allocation is contained in the Constitution of the Federal Republic of Nigeria, 1999 as amended section 16, sub –sections 1a – 1d. The provisions are; the State shall, within the context of the ideals and objectives for which provisions are made in this constitution.

(a) Harness the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy;

(b) Control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;

(c) Without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;

(d) Without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy.

This places enormous responsibility on the state with respect to effective and efficient harnessing and utilization of the resources of the state. To what extent has the state fared in the performance of this task? How can resource utilization be defined? What are the implications of inefficient resource utilization for the spiraling cases of violence in Nigeria?

Having natural resources can have multiple negative effects such as its capacity to 'take away incentives to develop other areas of the economy which are potentially more important for long run growth.' The possibility of 'natural resource-income to cause corruption or be a source of conflict, and the possibility of the perpetration of indolence, laziness, and idleness due to dependence on "free" money from natural resources is high. These have hitherto been the challenges confronting the post – colonial Nigerian state (Peter and Ocheni, 2015). The Nigerian government has not effectively managed the abundant human and natural resources to achieve the development of the country.

To this end, Peter (2012) asserts that the pattern of resource distribution in a state goes a long way to showing the possibility or otherwise of economic development. Where there is effective distribution of resources particularly to areas of priority, economic development will be contemplated. The opposite will be the case if resources are wrongly allocated. "Economic growth will therefore depend on how resources are distributed and how effectively they are used.

Comment [DAU159]: Any better way to distribute the resources?

SELF ASSESSMENT EXERCISE

The pattern of resource allocation and things they are used for is referred to ___ (a) Resource utilization (b) Resource exploitation (c) Resource exploration (d) Resource development.

Comment [DAU160]: As SAE above

4.0 CONCLUSION

The state is saddled with the responsibility of harnessing and managing the available resources. Despite the constitutionality of this provision, the state has not been able to transform the abundant resources into tangible platform for development.

5.0 SUMMARY

Resources availability does not automatically translate into development. Instead, proper management is germane and absolutely necessary for enhancing the overall development of the state. Nigeria can contemplate development if she can manage the available human and natural resources.

6.0 TUTOR MARKED ASSIGNMENT

1. Which of the following is a likely implication of resource availability for a state? (a) The development of a state (b) The democratisation of the state (c) The decentralisation of the state (d) The devolution of the state
2. What is the consequence of poor management of resources on the development of Nigeria? (a) Acceleration of development of the state (b) Autonomous development of the federating units (c) Poverty in the midst of plenty (d) Ethno – religious harmony

7.0 REFERENCES/FURTHER READING

Peter, M. A. (2012). Democratisation and National Development: A Comparative Analysis of Nigeria and South Korea, 1999 to 2009. An Unpublished Ph.D Thesis of University of Nigeria, Nsukka.

Peter, M. A. and Ocheni, M. (2015).Beyond resource endowment: The state and the challenges of national security in Nigeria, 1999 To 2014. *Journal of Third World Studies* 32.1 (Spring 2015), 293-313.

The Constitution of the Federal Republic of Nigeria, 1999 as amended.

UNIT 3 QUESTION OF DEVELOPMENT

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Question of Development
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0INTRODUCTION

Development is a core discussion in the literature of political economy. To what extent has Nigeria fared on the development continuum? This unit examines the core concerns of development and the extent at which Nigeria has been able to thrive on those indicators.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

(i) Explain how Nigeria has fared on the question of development.

3.0 MAIN CONTENT

3.1 Question of Development

Development in its sense goes beyond growth. It involves the general improvement in the welfare of the human population. That was the reason for the use of the human development index as an indicator for measuring development by the UNDP HDR since 1990.

Comment [DAU161]: Write in full before abbreviation

According to Seers in Todaro and Smith (2009:15),

> The questions to ask about a country's development are therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita income doubled.

The critical point to note about Seers' definition is the fact that the three major issues raised are mutually reinforcing. Unemployment generates poverty and increases the gap between the rich and the poor in the society. As more employments are been generated, the possibility of gradually alleviating poverty and inequality will rise.

Todaro& Smith (2009: 16) conceived of development as "a multidimensional process involving major changes in social structures, popular attitudes and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty." It entails a general improvement in the quality of life and the ability of the people to enjoy unhindered freedom.

Some of the empirical indicators of national development are; economic performance embodying; annual growth rate, national income, Gross Domestic Product (GDP), GDP and GNP per capita, poverty, unemployment, and inequality rate; and quality of life, embodying Human Development Index. Life expectancy, literacy rates, standard of living, quality of life index, life, health care data, etc.

Economic Performance of Nigeria

The general assumption is the possibility of improvement in the economic performance of a country consequent upon the embrace, of the country on economic liberalization, at least based on the prescription of the west as the parameter for enhancing development in the less developed countries of the world. This assumption is in contradiction with the state centered development paradigm that spurred the rapid industrialization of the Asian tigers of Singapore, Hong Kong, South Korea and Taiwan. To this end, it was asserted that "failures of liberal capitalism provoked … a discussion about the role of the state in development" (Antic, 2004: 23).

Comment [DAU162]: Recast the gramma

The gross domestic product has been used for a long period in determining the degree of economic development of a country. Between 1980 and 2009, it has been used as a major empirical indicator in the Human Development Index (HDI) of the United Nations Development Programme (UNDP)'s Human Development Report (HDR). It captures the overall earnings from all products of the country for a particular year. The GDP particularly at the purchasing power parity has become a standard indicator in the comparison of nations of the world.

For example; Figure 5.1 contains the annual Gross National Product of Nigeria from 2010 to 2018.The best performance of 549528.095 was in 2014. It continued to fall except for a marginal rise in 2018. This rise therefore does not reflect on the real life experience of Nigerians as almost half of the Nigerian population are still living on less than 1.90UD per day.

Comment [DAU163]: It is mot figure 5:1 in this work. Cite to reflect the wrok

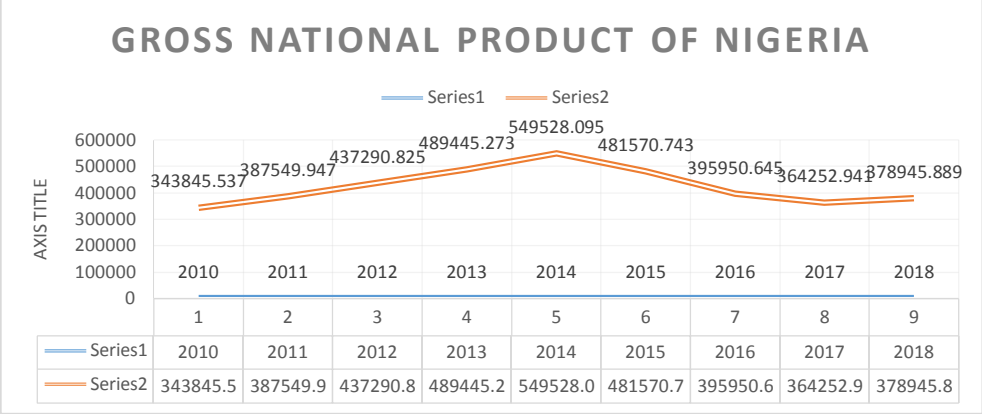

Figure 5.1: Gross National Product: USD Mn Annual: Nigeria
Source: https://www.ceicdata.com/en/indicator/nigeria/gross-national-product. Accessed on 29th April, 2020.

Comment [DAU164]: Give a brief on the table. It is hanging

Poverty Rate in Nigeria

The centrality of poverty in the measurement of the level of economic development of a country cannot be over-emphasized. In this context, poverty can be understood as "the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the inability to afford them" (cited in Peter, 2012). It is an income below which families would find it difficult to live without serious problems and which would place them in real danger when faced with any sort of economic crisis, such as a sick child or an injury at work (Yakes cited in Peter, 2012).

Comment [DAU165]: remove

Comment [DAU166]: remove or recast

It constitutes the measurement indicator of the quality of life of the people. In fact, in defining development, poverty is one of the central considerations. That is why Seers defined development by posing those three critical areas of the human society. In conceptualizing development, Seers opined that; what has been happening to unemployment? What has been happening to poverty? What has been happening to inequality? To him if two of those issues are on the increase, it will be wrong to say there is development even if the improvement in one doubled.

Comment [DAU167]: Year Pg.

The 2018 of the level of extreme poverty in the world by The World Poverty Clock reported by Kazeem (2018) shows that;

> Nigeria has overtaken India as the country with the most extreme poor people in the world. India has a population seven times larger than Nigeria's. The struggle to lift more citizens out of extreme poverty is an indictment on successive Nigerian governments which have mismanaged the country's vast oil riches through incompetence and corruption.

Poverty reduction or eradication though gradual cannot be achieved by mere policies. In most cases, these policies do not put into consideration the real victims of poverty. Its eradication must follow a practical and logical pattern. For instance, (Ibeanu, 2008) questioned the poverty eradication programme of the Nigerian government that does not incorporate the people that are really poor. Besides, its sustainability is not guaranteed thereby his 'poverty of the poverty alleviation programme' analogy. To overcome poverty in Nigeria and most of the countries suffering similar fate, what is expedient is a return to the politics of development. When development sets in, poverty will inevitably give way. Lending credence to this assumption, Ake (2003) questioned the Africa's experiences in which there was no emphasis on the politics of development, hence orchestrating the marginalization of development that inevitably results in the current state of poverty in Africa.

The possibility of getting rid of poverty may not be there since according to Yakes in Peter, 2012) it "coincides with large and growing inequality of both income and wealth, inequalities ingrained in the laws of motion of capitalism." Capitalism has been reckoned with to possess the capacity of increasing both poverty and prosperity. Abysmally, the activity that causes poverty at one end reproduces prosperity at the other end. While the workers and other category of the peasantry are being continually exploited through what is in the Marxian parlance described as surplus value, the capitalists increase their prosperity from the same process that increases the poverty of the poor. This eventually widens the degree of inequality and correspondingly increases poverty. For it to get ameliorated; there is urgent need to go beyond the abundant human and natural resources hypotheses. What is needed is a wise, focused, competent and committed leadership necessary for converting the rich natural resources to real wealth for the people.

In sum, it is instructive to note that the only means of alleviating poverty is the aggressive pursuit of growth and development. The achievement of development is the panacea for sustainable poverty reduction. The logic is that as more industries spring up, the rate of unemployment will reduce, and poverty will gradually give way.

Rate of Unemployment in Nigeria

The conception of unemployment in the society is important to the understanding of the level of development of that society. A country where bulk of its working class citizens is either unemployed or underemployed cannot contemplate development. The ability of a country to develop is consequent upon the full and optimum utilization of her human resource. There is a linkage between unemployment, poverty and inequality. The possibility of an unemployed person to be below poverty line is high. This widens the gap between the rich and the poor.

In Nigeria, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. Many qualified and employable Nigerians

are currently either unemployed or underemployed.Forinstance, about 23.10percentof Nigerians are unemployed as at the third quarter of 2018. This condition is expected to worsen in 2020 following the economic consequences of the ravaging Covid – 19 pandemic.

Comment [DAU168]: Source?

Degree of Inequality in Nigeria

The richest 1 percent of people in the world gets as much income as the poorest 57 percent. The richest 5 percent had in 1993 an average income 114 times greater than that of the poorest 5 percent, rising from 78 times in 1988. The poorest 5 percent grew poorer, losing 25 percent of their real income; while the richest 20 percent saw their real incomes grow by 12 percent, more than twice as high as average world income. World inequality grew because inequality grew between and within countries. The rich nations grew richer and the poor nations grew poorer; the rich within each country grew richer at the expense of the poor.The interconnectedness between poverty and inequality is indisputable. Yates cited in (Peter, 2012) notes that "poverty on a global scale is matched by an enormous and growing inequality of incomes." Poverty and inequality have diametrical relationship. They are both self-reinforcing.

Comment [DAU169]: Source? Note that this segment is about Nigeria and will therefore be better if the statistics provide deduced to the Nigerian situation

At the root of the capitalist system is the issue of inequality. It is not very hard to see why. In capitalist economies, everyone is free to make money, but it is remarkable how few do. Capitalist economies espouse egalitarian values, but the consequences of their normal operations are extraordinarily in-egalitarian. It was argued that, "among all the subtypes of political regimes, communist dictatorships had the highest level of social equality" (Antic, 2004:23). This alludes itself to the capacity of state regulated economy to ensure proper re-distribution of wealth targeted at bridging the gap between the haves and the have not's in the society. The tendency for poor people to get worse off in terms of many social indicators if they live in the state or country with the greater income inequality is high. This attests to the self-reinforcing character of poverty and inequality.Inequality has been on the continual rise in Nigeria.

Comment [DAU170]: Recast

Comment [DAU171]: Hanging. remove

Poverty and inequality in Nigeria are not due to a lack of resources, but to the ill-use, misallocation and misappropriation of such resources. At the root is a culture of corruption combined with political elite out of touch with the daily struggles of average Nigerians. Nigerian government must take urgent steps to embark on economic and political policies that can lift majority of the people at the lowest ebb of the society as a way of closing the inequality gap.

Nigeria has not fared better on the human development index. For instance, thoughthe value of Nigeria on the UNDP HDR's HDI marginally rose from 0.445 in 2003 to 0.534 in 2018 (UNDP), she has consistently fallen under the low human development category and for example ranked 158 out of the 189 countries surveyed in 2018.This abysmal considering the enormity of the resources at the disposal of Nigeria. It is an indicator of state failure.Ake (2003: 1) asserts that "the problem is not so much that

Comment [DAU172]: Source? year

Comment [DAU173]: Hanging. Not backed by facts. reconsider

development has failed as that it was never really on the agenda in the first place." This position potently justifies the reasons for the inability of most of the African countries to overcome the problem of underdevelopment even after about five decades of independence.

SELF ASSESSMENT EXERCISE

The general improvement in the welfare of the human population is generally referred to as ___ (a) Quality of life (b) Standard of living (c) Development (d) Economic growth

Comment [DAU174]: As above SAE

4.0 CONCLUSION

Development is a critical issue of discourse in political economy. It goes beyond growth. Different countries are at different point on the development continuum. The efficiency and effectiveness of the management of human and material resources are germane to the possibility or otherwise of achieving development.

5.0 SUMMARY

Discussion on development cannot be overemphasised. The capacity of a country to overcome the triple problems of poverty, unemployment and inequality is predicated on her attainment of certain appreciable height on the development continuum. Nigeria has been consistently categorised as a low development country. This affects the quality of life of the people, age of school enrolment, life expectancy and other critical indicators.

6.0 TUTOR MARKED ASSIGNMENT

1. Which of the following is not an indicator of development? (a) Poverty (b) Inequality (c) Pressure group (d) Gross Domestic Product
2. Why has Nigeria not been able to achieve development after over five decades of political independence? (a) Development not on the agenda of political elites (b) Lack of natural resources (c) Diversification of the economy (d) Pattern of electioneering campaigns

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UNIT 4 POLITICAL ECONOMY OF INSECURITY

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Political Economy of Insecurity
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Insecurity has become part and parcel of Nigeria. It has escalated over the years to its current dimension of terrorism, militancy and herdsmen/farmers crisis. This unit examines these crises and their implications for Nigerian political economy.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Know the challenges of insecurity in Nigeria
(ii) Understand the implications of insecurity for the Nigerian economy.

3.0 MAIN CONTENT

3.1 Political Economy of Insecurity

Security issue has become of paramount concern to discourse in Nigerian political economy. Nigeria has been notorious for ethno – religious, communal, political conflicts. It has snowballed into militancy with several militia groups existing. Of late, Boko Haram has become a menace in Nigeria. The little success recorded in the battle against this terrorist group has been eroded by the marauding herdsmen that have ravaged farms and destroyed lives and properties.

The notion of national security as a means of maintaining a stable nation state can be traced to the peace treaty of Westphalia, wherein the concept of a sovereign state, ruled by a sovereign, became the basis of a new international order of nation states. It was Thomas Hobbes in his 1651 work *Leviathan* who stated that citizens yield to a powerful sovereign who in turn promises an end to civil and religious war, and to bring forth a lasting peace, and give him the right to conduct policy, including wage war or negotiate for peace for the good of the "commonwealth", i.e., a mandate for national security.

Like many concepts in the social sciences, national security is ambiguous and not amenable to any single and universally acceptable definition. One of the definitions which may capture its essence of usage in this context is the one provided by Paleri that national security is

> The measurable state of the capability of a nation to overcome the multi-dimensional threats to the apparent well-being of its people and its survival as a nation-state at any given time, by balancing all instruments of state policy through governance, that can be indexed by computation, empirically or otherwise, and is extendable to global security by variables external to it.

Comment [DAU175]: Year. Pg.

Nnoli (2003:20) argues that the relative success of violence in drawing attention to the injustice has made this a strategy for promoting identity politics. This has given rise to the phase of provoking ethnic violence as a means of attracting attention to political issues and interests, and of proving political relevance. This suggests that the end of identity-politics-spurned violence is not in sight. The implication of this is in two-fold. It means more lives will be lost and more property will be destroyed. It also means that lives and property in Nigeria becomes more insecure.

Using violence for identity politics spells doom for national integration. Instead of Nigerians to come together, violent conflict will drive Nigerian citizens more apart. As it has been observed earlier, using informal identity politics does not augur well for the country. Using informal identity politics means the proliferation of more militia groups. Nigeria is yet to curtail the activities of the ones on ground, having more of them will be disastrous for the polity.

One of the manifestations of insecurity in Nigeria is insurgency. Insurgents adopt hit and run approach. Their operational tactics is usually unconventional, hence making a military option sometimes futile in curbing their activities. It has been observed that insurgents and terrorists are likely to exist and thrive in countries where the leaders are not doing enough to alleviate the plights of the people. For instance, Ibeanu (2008:8), in his development-conflict compass, asserts that, "as development increases, conflict decreases. When this happens, the peace space expands, while the violence space contracts." Peter and Asogwa (2009), however, note that the porosity of Nigeria's border gives room for the infiltration of the country by all sorts of criminals.

One of the probably most devastating dimension of insurgency is the recurrent unleash of terror by the Islamic militant group fondly called *Boko Haram* (meaning western education is sacrilege) in most parts of northern Nigeria. What has often made the war against this group difficult is the ideological dimension underlying the operation of the group. It is acclaimed to be a religious war, whose emphasis is on the complete annihilation of western education, philosophy, and ideology; and the

Comment [DAU176]: Predominantly in North Eastern part of the country

institutionalization of Arabic and Islamic education in at least twelve states in northern Nigeria.

The slight victory of the Nigerian government over Boko Haram has been swallowed in the current of herdsmen' attack on farmers. All these have combined to wreak havoc on Nigeria and her citizens. Therefore, violence is antithetical to political development.

Apart from the inability to contemplate political development as a consequence of insecurity, it also has the following consequences for Nigeria;

a. Incessant violence in the polity dents the international identity of Nigeria.
b. It impacts Nigeria's foreign relations negatively and drives away foreign direct investment (FDI).
c. The country is already rated as a "risky" state in the international system, compounding this through ethno-religious violence will affect Nigeria's image abroad the more.
d. Economic life of the people directly affected by violent conflicts are always devastated with consequent loss of means of livelihood and businesses.
e. The activities of herdsmen may lead to food emergency in the country as farmers could no longer attend to their farming business.
f. The resources of the state that should ordinarily be used to provide critical infrastructure are 'wasted' on addressing these 'unnecessary' violent conflicts.

SELF ASSESSMENT EXERCISE

Which of the following is an implication of violent conflict in Nigeria? (a) It will drive Nigerian citizens more apart (b) It is a force of unity (c) It helps to address food emergency (d) It shows the conflict management skill of the Nigerian government

4.0 CONCLUSION

Nigeria has been a theatre of violent conflicts. These particularly become widespread since independence in 1960. The latest manifestation of this ugly development is insurgency and herders/farmers violent conflicts. If these crises are not mitigated, they will continue to affect the country negatively and deplete the economic potentials and opportunities of Nigeria.

5.0 SUMMARY

Insecurity in Nigeria is manifested at the ethnic-religious, communal, political levels among others. This has cumulated into the emergence of several militia groups whose latest dimension is the emergence of insurgent groups that have wreck untold havoc on Nigeria, Nigerians and the Nigerian economy. Bulk of state resources that could

Comment [DAU177]: Be careful with this submission. Read well about the group not to confuse students. The philosophy of the group in relation to Islam should have direct your thought. A vast number of Muslim do not subscribe to their thought. Know their history, philosophy and teachings and leadership.

Comment [DAU178]: Banditry pls. numerous herdsmen do not subscribe to the recent attacks too. Read about MACBAN campaign.

Comment [DAU179]: Insecurity in Nigeria should touch on IPOB, Kidnapping, Armed robbery, Banditry, ethno-religious violence, Pipeline vandalism, the MENDS, border clashes, Small Arms and Light Weapons (SALW) Proliferation, etc. Give this a rethink

Comment [DAU180]: As above

have been probably deployed to the provision of critical infrastructure have been used to fight insecurity in the country. It has given Nigeria and Nigerians negative image abroad and has depleted investment opportunities in the country. All hands must be on deck to address this ugly scenario as that will be the panacea for developmentin the country.

7.0 TUTOR MARKED ASSIGNMENT

1. The notion of national security as a means of maintaining a stable nation state can be traced to the peace treaty of ___ (a) Western India (b) Westphalia (c) Hiroshima (d) Oxford.
2. All the following are ways insecurity has affected Nigerian economy except? (a) It dents the international identity of Nigeria. (b) It drives away foreign direct investment (FDI). (c) Shortage in food supply (d) It leads to the breaking forth of health pandemic

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Comment [DAU181]: None of these scholars wrote extensively on insecurity in Nigeria

UNIT 5 POLITICAL ECONOMY OF ELECTIONS

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
    3.1 Political Economy of Elections
4.0 Conclusion
5.0 Summary
6.0 Tutor Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

Election is a normal way of changing leadership in a democratic society. The Nigeria's experience presents a different perspective. Elections are hardly free, fair and credible bringing to question the legitimacy of the 'elected' leaders. This unit examines the nature of Nigerian elections and the political economy implications.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

(i) Know the nature of Nigerian elections
(ii) Understand the political economy of Nigerian elections.

3.0 MAIN CONTENT

3.1 Political Economy of Elections

Resource dependency makes so much money available for sharing. This makes access to the seat of power very lucrative and highly competitive. In the bid to achieve this, stakeholders in the Nigerian project have devised several dubious means including flagrant abuse of people's rights and aggressive pursuit of injustice and the accompanying galloping corruption. Part of the predicaments confronting political succession in Nigeria is what Ibeanu described as 'primitive accumulation of votes' (Ibeanu, 2006). The struggle by political elites to win elections by overt or covert means because of the privileges attached to those offices. The implication is that votes hardly count. Despite the pursuit of electoral reforms, which analysts and political commentators are of the view may help in restoring peoples' confidence in the electoral process, vote buying has become prominent in the current political milieu of Nigeria.

This character of the post – colonial state in Africa as evident in Nigeria is manifested in diverse areas of Nigeria's national life.Thefraudulent practices of vote buying and

other electoral practices have stifled free and fair elections and denied the people of good governance which is essential for development. The Nigeria's scenario is typical of a post – colonial society where the only commodity available for buying and selling is the state. Access to state power provides the automatic avenue for amassing wealth. This makes the contest for political power fierce and equally explains the prevailing sit – tight syndrome in Nigeria and other African countries (Peter, 2011).

Comment [DAU182]: Cite some examples to justify the above submission so that students can appreciate the political economy of elections in Nigeria. The section though interesting is scanty for the good knowledge of elections in Nigeria.

SELF ASSESSMENT EXERCISE

The best way to change a government in a democracy is through ___ (a) Selection (b) Revolution (c) Coup (d) Election

Comment [DAU183]: As above SAE

4.0 **CONCLUSION**

This unit discussed the political economy of Nigeria. Elections, which are expected to be free, fair and transparent ought to serve as the mean of political succession. On the contrary, this purpose has not been realistically achieved owing to the fraudulent practices and the unprecedented volume of money spent in buying votes during elections.

5.0SUMMARY

The character of the post – colonial state in Africa has manifested in everything including elections. Access to the state means access to the wealth of the state. So, elites struggle to acquire state power through all means. This is manifested in the commodification of electorates leading to the denial of good governance, which is necessary for development

6.0 TUTOR MARKED ASSIGNMENT

1. Which of the following explains politicians will want to win election at all cost in Nigeria? (a) Access to state power implies access to state wealth (b) For the purpose of international recognition (c) To aggressively pursue developmental agenda (d) To sincerely fight corruption.

7.0 REFERENCES/FURTHER READING

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