

**THE AFRICAN PREDICAMENT AND INSTITUTIONAL COLLAPSE:
REFLECTIONS ON ACEMOGLU AND ROBINSON'S INCLUSIVE
AND EXTRACTIVE INSTITUTION.**

JUDE ORINYA AZUKA

Department of Philosophy Nnamdi Azikiwe University, Awka

08030441373

judeazuka@gmail.com

Abstract

The African Predicament has been characterized by poverty, economic and cultural slavery, bad governance, insecurity, poor healthcare system, inauthentic education and brazen crisis of identity; these account for the current state of underdevelopment of the continent. This paper examined the African predicament as a direct consequence of institutional collapse. The work employ the hermeneutic method in interpreting the views of authors on the African predicament and argues that inclusive economic and political institutions will bring about the desired development that is lacking in Africa. The paper then concludes that Africa cannot develop unless she jettison the current extractive institution that most African countries are operating and create a strong inclusive institution which will create incentives for innovation and development.

Introduction

The greatest challenge of African states today is underdevelopment. This underdevelopment has been linked to several factors which include, environmental factors, historical factors (slave trade and colonialism), and ignorance. One wonders where Africa got it wrong and why they are underdeveloped when compared to other continents like Europe and America and the Asian tigers (Hong Kong, Singapore, South Korea, and Taiwan), despite its enormous natural and human resources. In the area of technology, entrepreneurship, Medicine, Agriculture, security, etc Africans are making waves in Europe and America. Africans are CEOs and managers of different conglomerates outside the shores of the continent and yet they could not replicate the same fit within the continent. This paper argues that it is not the lack of professionals or African geography/climate that caused present Africa's underdevelopment, but the lack of a proper institutional framework that engenders development. Although, we can agree to a great extent with the school of thought that points at failure of leadership as the major reason why African states are underdeveloped, we will also stress that leaders have failed in Africa because of the collapse of political and economic institutions. The institutions in Africa are in such a bad state that even if you bring the best leaders in the world to hold positions of authority in Africa if they don't first change the institutions, they will still not succeed. The successes of great countries are because their institutions are strong and inclusive. For Acemoglu and Robinson (2013):

Political and economic institutions, which are ultimately the choice of society, can be inclusive and encourage economic growth. Or they can be extractive and become impediments to economic growth. Nations fail when they have extractive economic institutions, supported by extractive political institutions that impede and even block economic growth. But this means that the choice of institutions – that is, the politics of institutions – is central to our quest for understanding the reasons for the success and failure of nations (Acemoglu and Robinson, 2013: 83).

This implies that the nature of state institutions and the primary purpose for which they are created are important to the development or underdevelopment of any country. Peter Evans (1989), had earlier expressed a similar view, for him: "...the most effective states are characterized by embedded autonomy, which joins well developed, a bureaucratic internal organization with dense public-private ties. In the least effective states, the mirror image – "incoherent absolutist domination" – combines undisciplined internal structures with external ties ruled by the "invisible hand"..." The picture painted by Evans above, perfectly suits what we experience in most African states. The political, economic, and socio-cultural predicaments of African states since after independence have been in a sorry state, but before we describe them let us, first of all, conceptualize what extractive and inclusive institutions are.

Defining Institution

Institutions are the formal and informal rules and norms that organize social, political, and economic relations (North, 1990). They are created by people and organizations to provide a structure for everyday social, economic, and political life. Institutions shape people's incentives and behaviour. They establish a predictable, though not necessarily efficient or uncontested structure for human interaction (North, 1990). Although institutions can be changed in line with the prevailing circumstances, institutionalized behaviours can be hard to change. Institutional change structures the way societies evolve (North, 1990: 3). Formal institutions include the written constitution, laws, policies, rights, and regulations enforced by official authorities while Informal institutions are (the usually unwritten) social norms, customs, or traditions that shape thought and behaviour (Leftwich & Sen, 2010; Berman, 2013). Although, most development experts have prioritized formal institutions, viewing informal ones as separate and often detrimental to development outcomes. (Unsworth, 2010)

Inclusive and Extractive Institutions

Inclusive institutions are those institutions that bestow equal rights and entitlements and enable equal opportunities, voice, and access to resources and services available to the people. Whether it is a political or inclusive institution entails greater

participation and equality. Acemoglu and Robinson (2013), capture an inclusive economic institution thus:

Inclusive economic institutions, such as those in South Korea or the United States are those that allow and encourage participation by the great mass of people in economic activities that make the best use of their talents and skills and that enable individuals to make the choices they wish. To be inclusive, economic institutions must feature secure private property, an unbiased system of Law, and a provision of public services that provides a level playing field in which people can exchange and contract; it also must permit the entry of new business and allow people to choose their careers. (Acemoglu and Robinson, 2013: 88)

An inclusive institution is based on principles of universality, non-discrimination, or targeted action Targeted action is relevant where some people and groups are disadvantaged in a certain area, and therefore require to be treated differently to achieve the equivalent outcomes. Inclusive institutions ensure that people realize most of the gains from their own efforts. The knowledge that they will do so encourages them to choose the careers that make the best use of their own skills, to develop those skills through education, and if necessary, to start their own businesses and invest in plants and equipment.

On the other hand, Extractive economic institutions are the opposite of inclusive ones: their purpose is to steer the economic rewards toward a relatively small elite. Extractive institutions either discourage people from taking economic initiatives (because they know that little of the gain will accrue to themselves) or narrow their opportunities to do so. Extractive institution withholds rights and entitlements and undermines equal opportunities, voice, and access to resources and services. Extractive Institution emphasizes: "lack of private property meant that few people had incentives to invest or to exert effort to increase or even maintain productivity". (Acemoglu and Robinson, 2013: 73).

The African Predicament as a Consequence of Extractive Institution

The greatest challenge of African states today is underdevelopment. This underdevelopment has been linked to several factors of which slave trade and colonialism are at the front burner. The resultant crisis of identity which permeates into all factors of the African being is a cause to worry about because its burden comes up in the political, socio-cultural, economic, and religious spheres. These have very high developmental consequences. The extractive political and economic stature which African states have assumed has further relegated its development to the dustbins of history. Let us now discuss the present political, economic and social political predicaments of African states.

Political Predicaments

The African political landscape since independence has been characterized by high extractive institutions, neocolonialism, and imperialism. From the time of independence of most African states, military dictatorship over showed the political landscape, and even up till now in the country, the same military personals are at the helms of affairs (now as civilians). They make draconic laws and shut out the masses from political in the political process. Imperialism on the other hand has reduced the sovereignty of African nations to mere flag independence because of external policy interference and economic interference. And in most cases, the foreign powers turn blind eyes to the corruption, nepotism, and human rights abuses that are perpetrated by the elite in their countries, just to present lucrative economic arrangements. In the first line of his paper, *The Mechanisms of Neo-colonialism*, Nkrumah explains that:

To halt foreign interference in the affairs of developing countries it is necessary to study, understand, expose and actively combat neo-colonialism in whatever guise it may appear for the methods of neo-colonialists are subtle and varied. They operate not only in the economic field but also in the political, religious, ideological, and cultural spheres. (Nkrumah, 2019:1)

The heavy dependence on foreign aid and the activities of multinational corporations in Africa shows clearly that Africa is in the neo-colonialist stage of development. These multinational cooperatives represent nothing but economic exploitation and cultural domination. This 21st century has witnessed the influences of trans-national corporations from Europe and America to the form of a new imperial China. The recent Chinese interests in Africa through Chinese companies appear to be for the interest of the home economy to stimulate growth and increase local production, but this is not the case. Recently, African countries have started borrowing from the Chinese, because Africa is one of the largest markets for Chinese products, they give African countries loans to enable their bounty in their goods. By doing this they stifle local production and encourage import. Currently, Nigeria is on the verge of borrowing 22 billion dollars from China. However, the problem associated with such loans is that they are embezzled by the corrupt elites leaving the poor masses with the burden of debt.

The neo-colonial grip on African countries is still very tight up till now. During elections, the colonial masters handpick puppets which they plant as presidents to carry out their mission of exploitation. The fight against neocolonialism is aimed at excluding the capital of the imperialist countries from operating in less developed countries. It is aimed at preventing the financial power of the developed countries from being used in such a way as to impoverish the less developed. (Nkuruma, 2019)

Neocolonialism offers African leaders power without responsibility. They are just a means to an end and that end is exploitation. This lack of total political independence has bedeviled leadership in Africa and has in no small way contributed to African underdevelopment. Since he who pays the piper dictates the tune, African economic development depends on political freedom, and neocolonialism has made that independence impossible. Thus, whenever the neo-colonialist sneezes, Africa catches a cold.

With the neo-colonial control, national elections in Nigeria like the April 2011 general election was an avenue of selecting a leader that will dance to the music and dictates of the imperialists. Ottaway writes that the election was given local and international legitimacy because it was an apparatus for the U.S. to select someone who would completely cater to their needs given the crisis in most of the oil-producing nations in the Middle East at the time, and "their insatiable need for oil". (Ottaway, 2003)

Justina Obisike and Ebere Obisike also corroborated his view when they said that the 2019 elections in Nigeria might as well be history repeating itself as the PDP National Publicity Secretary, Kola Ologondiyon on behalf of his party has alleged that 'president Muhammadu Buhari's visit to President Donald Trump at the end of April 2018 was to secure U.S. endorsement for his re-election as Nigeria's President. (Obisike and Obisike, 1999) The important question they asked was; why should the United States endorsement matter to a Nigerian leader? Pham answering the question said that it is because the U.S. government recognizes Nigeria's importance to the U.S., that the White House invited President Buhari who is not only democratically elected but also represents Africa's most populous country and its largest economy. (Premium Times, 2018)

Olorunyomi also pointed out that Trump asked President Buhari to remove all trade barriers to U.S. trade with Nigeria, particularly allowing U.S. Agricultural produce into Nigeria, for according to Trump, the U.S. gives Nigeria over one billion dollars in aid every year, thus, they should have a privileged trade status with Nigeria even if the terms of trade negate social and economic developments that will benefit the Nigerian masses.

Economic Predicaments

One of the major problems facing African countries has been imperial-centered economics. Economically, Africa had no freedom to take the destiny of her economic prosperity into her hands. This is because the colonial master, through neo-colonialism, controls every economic life of Africans. The neo-colonialists used European financial oligarchies like the international monetary fund (IMF), World Bank (WB) Paris, and London Clubs as agents to lend money to African countries, these loans come with stringent conditions which keep African countries in perpetual underdevelopment. African countries are lured into adjustment programs that lead to currency devaluation, high-interest rates, privatization of state enterprise, liberalization of imports, and so on. (Wilson, 2014) These measures further help in relegating Africa into perpetual servitude of their former colonial masters.

In the second half of the 20th century Africa's national institutions, military, banking, and foreign trade were mainly determined by the United States of America and northwest Europe. With considerable assistance from the International Monetary Fund (IMF), World Bank (WB), and other United Nations Agencies, Africa's dependence becomes much stronger in the last six decades than they were during colonial rule. Some economic indices have shown that Africa's economic fortunes have been on the decline. Kofas argues that by all indications, globalization has accounted for the downward mobility of most Africans, although this may not be clear when looking at the GDP statistics of certain countries, including South Africa and Nigeria. The world economic

structure has not changed, no matter the rhetoric about globalization and neoliberal policies uplifting all economics across the world. Just the opposite, the overall economic picture of Africa is one of the steady declines since the 1980s. The continent's share of global trade was 3.1 percent in 1955 and in 1990 it was a mere 1.2 percent.

Kofas blamed this on the Chinese entrance as a new key player in the region's trade. He insists that China's factor did not help the continent lift its GDP amounting to under \$300billion in 1997 while the debt was \$315billion. This allowed the IMF to impose austerity and neoliberal measures of privatization, corporate tax reductions, and trade barrier removals that further weakened the national economy. The austerity measures not only prevented upward socioeconomic mobility but drove more people into the lower living standard. (Kofas, 2015) The economic condition of Africa since after independence has been dependent on the colonialists. Kofa observes that the major challenge for Africa in the next few decades will be to transform itself from a largely "dependent outward-oriented" economy (primary sector production exports) providing cheap raw materials for the advanced capitalist countries to an inward-looking (producing to meet domestic demand through import substitution industrialization) integrated via an intra-continental model and developing more equitable terms of trade with developed countries. Even in terms of trade, the inherent lower value of African exports vs its imports from the developed countries has been and remains a core problem in development. (Kofas, 2015)

To achieve the goal of self-sufficiency and real independence, Africa needs more than China funding infrastructural development intended to accommodate extractive mining industries, Africa needs more than NGOs and United Nations interventions that are only targeted at emergency areas during wars and famine. Africa needs more than the World Bank and IMF loans which are intended to strengthen the role of multinational corporations that are trying to dominate the key areas of the raw materials economy. What Africa needs is a systematic political change that will pave way for a self-sufficient economic transformation. The change must start from our political leaders but operating as puppets for the imperialists will not give a different result than what was obtainable in the 19th century.

The political predicament of Africa can hardly be separated from the economic predicament as they are interwoven and interconnected. The relationship between Africans and their European counterparts has been that of a master/slave relationship. The major goal of the imperialist is economic exploitation so they created the international division of labour and this is manifested in a scenario where they produce manufactured goods which range from cars, electronics, and other household consumables while African countries produce raw materials e.g. Cocoa, oil, gold, cotton, copper, etc at a very cheap rate. The imperialist will fix the prices of their industrial products and sell in African markets, but Africans cannot fix the prices of their raw materials. The same are exported to Africa. Keith Buchanan captured this view when he said:

Export production takes the form of small Islands sea of market-oriented production set amid stagnating peasant economics; it is moreover, highly specialized in terms of crops grown-three fifths of Ghana's exports consist of cocoa, nine-tenths of Gambia's

exports of groundnuts, three-fifths of Malaysia's exports of rubber.... (Bachana and Mountjoy, 1971: 26).

This goes to show that the exports from the imperialists are large manufactured industrial products gotten from raw materials and this unequal and selfish economic relation will not enable the African countries to compete favourably and develop like their European counterparts. Africa's economy depends on them virtually on everything. About 70-80% of their imports consist of manufactured goods, especially consumer goods, in contrast to the developed countries whose imports of primary products and fuels represent only a small proportion of total imports (Nankiel, Chollom and Jiebreeal, 2014). The championing of trade liberalization by institutions like the World Trade Organization has enhanced economic exploitation in Africa, this is because, by opening up the market, the imperialists bring in their goods and flood the local market at the expense of the locally produced goods. A good example is where the foreign bag or shoe is preferred by the people at the expense of Aba-made bags and shoes.

Another ugly situation that Africa is currently facing is that its market has been used as a dumping ground for expired, substandard, and bad goods and products. For example, people prefer to buy a 'tokunbo' or 'second hand' car from America than patronize Innoson motors. This is because of the erroneous mindset that foreign goods are better than locally manufactured ones. Recently, the House of Representatives members in Nigeria rejected the locally made SUVs from Innoson and preferred a foreign product. In this type of situation, how can the economy grow or develop, when the mindset of the average African has been made to accept that he is inferior and that the white man is superior?

In most African countries, few elites hijack the economic structure for their own selfish gains and make it difficult for other entrepreneurs to participate. In Nigeria for instance, the government supports Dangote by giving him an enabling environment to manufacture his goods while stifling other competitors like Ibeto through heavy taxation and withdrawal of licenses. There is no level playing ground for competition. The government on the basis of ethnicity cripples competition, this suppresses economic prosperity and brings untold hardship to the people.

Socio-cultural Predicaments

The socio-cultural predicaments of Africa currently seem to be the worst hit. Edward Tylor (1871) defined culture as "an umbrella term which encompasses the social behaviour and norms found in human societies, as well as the knowledge, beliefs, arts laws, customs, capabilities, and habits of the individuals in these groups. These are acquired through learning processes of enculturation and socialization. Africa even before the coming of the Whiteman had a culture, however, when the Whiteman came, he imposed his own culture on Africa. They claimed that our cultures are barbaric and that they are on a civilizing mission to take us out from darkness to light. When they finally left, they succeeded in distorting Africa's cultural and social setting. They planted a seed of cultural domination that reordered the values, behaviour, identity, and institutions of the oppressed people.

In what James Petras called cultural terrorism, the imperialist destroyed African culture and gave Africans a new image and identity. For him:

Cultural terrorism is responsible for the physical displacement of local cultural activities and artists. Cultural terrorism by preying on the psychological weaknesses and deep anxieties of vulnerable Third World peoples, particularly their sense of being "backward", "traditional and oppressed, projects new images of "mobility" and "free expression", destroying old bonds to family and community while fastening new Chains of arbitrary authority likened to corporate power and commercial markets. (Petras, 2018)

The imperialists succeeded in doing this through their miseducation of the African people and they now sustain it through their mass media. The importance of education in society cannot be overemphasized because it helps in the preservation of the members of the society and maintenance of the social structure. It also promotes social change and leads to the development of society if it grows out of the environment. However, the type of education that Africans received from the Europeans disconnected them from their environment, it had no close links to social life and nature, it, therefore, did not help in the emotional and mental development of the child. For Walter Rodney, pre-colonial education was "education for underdevelopment". (Rodney, 1972: 260) The major impact of the education received by Africans then was that it underdeveloped Africa. For Rodney:

It was not an educational system that grew out of the African environment or one that was designed to promote the most rational use of material and social resources. It was not an educational system designed to give young people confidence and pride as members of African societies, but one which sought to instill a sense of deference towards all that was European and capitalist... colonial schooling was an education for subordination, exploitation, the creation of mental confusion and the development of underdevelopment (Rodney, 1972:260).

The above quote shows that the British were more interested in exploiting the raw materials in Africa rather than educating young African children this made them make a very low budget for education. Rodney pointed out that:

in 1935, of the total revenue collected from taxing Africans in French West Africa only 4.03% was utilized on education. In the British colony of Nigeria, it was only 3.4%, in Kenya in late 1946 only 2.26% of the revenue was spent on African education. By 1960, those percentages had all gone up two, three, or four times; but being so small, to begin with, they still remained insignificant (Rodney, 1972:262).

Besides not enrolling African children in schools, the quality of education that those who were enrolled received is another major concern. Colonial education was targeted at making an African man, European. Abdou Moumuni concludes that "colonial education

corrupted the thinking and sensibilities of the African and filled him with abnormal complex's". (Moumini quoted in Rodney) This Europeanization of Africans resulted in a serious identity crisis in which Africans now find themselves. Nature and the end product of colonial education in Africa can be best understood from the minutes on education written by Lord Macaulay (a Briton). For him, the aim of colonial education in the colonies was "...to train at least a class of persons Indian (or African) in blood but English in opinion, in morals and intellect". (Moumini, quoted in Rodney) The same applies to the French colonies with their policy of assimilation. The major aim of the colonial educational policy is to make the African discard their worldview and adopt that of English, French, Portuguese, Spanish, or Arab. Ezeani argues that; "Education thus became an important and effective instrument used to accomplish the mission of *Europeanization* and *Arabization* of Africa (Ezeani, 2013:18). Hence, for a good number of Africans, the adoption of anything foreign is a mark of an educated or civilized person.

This led to the erroneous association of education to western knowledge and culture. One of the major problems that colonial education created was its disconnection from school from society. A symbiotic relationship exists between school and society and when they are not together, the educational products will be nothing more than 'cultural freaks', and 'Social Misfits'. For Boahen, the final and worst psychological impact has been the generation of a deep feeling of inferiority as well as the loss of a sense of human dignity among Africans. (Boahen, 1997)

Ezeani further laments that:

One of the most serious negative impacts of colonial education on Africa is the de-Africanization of Africa – a process that dispossessed the people of their culture, values, names, languages, and human dignity which is the respect and honour inherent in one because he or she is a *human person*. What this has led to is the development of mental dependency, the generation of a deep feeling of inferiority in the colonized, and a rejection of Africans of their social values (Ezeani, 2013:18).

The pictures painted by Ezeani are seen in Nigeria today where most parents don't speak their mother tongue to their children. Even in our schools, students are punished or fined for speaking their native dialect; it is called "Vernacular". With this, the mother tongue is gradually going into extinction and it is been replaced by the language of the colonial master. Some things in our local environment do not have English translations and equivalent, it, therefore, means that such things, items, cultures, thoughts will go into extinction since we cannot find a word to bring them into existence. Ezeani maintains that for Africa to rediscover the negative impacts of colonial education, they must embrace the mother tongue for educational development and self-integrity. Parents must use the mother tongue as a medium of instruction from the beginning of the child's education. This will help in bridging the gap between schooling and society. He states that this is necessary to ensure that students understand content instruction and experience a successful start at their school. This is because education is communication and when the child does not know the medium of communication, which is the language of instruction, little learning takes place. Learning itself is a difficult process even in one's mother

tongue. Therefore it will be difficult for children to learn a second language for academic purposes because they may be confused between learning a language and learning through a language. Colonial education defines Africa's present socio-cultural predicament because it has in a long term produced an African who has lost contact with its root, cultures, values, and social structure.

In Africa, different extractive institutions imposed on the citizens by the elites prevent people from practicing their cultural values. Through indoctrination, Africans were forced to accept a new culture or perish. The colonial masters claim to be on a civilizing mission however, many years after they are gone; Africa's development continues to dwindle. This demonstrates the need for Africa to jettison the colonialist extractive institution and embrace an inclusive and communalistic institution that is in its nature as Africans.

The Place of Inclusive Institution on Africa's Development

Economic and political growth has two important features: first is sustainability and inclusiveness. Inclusive economic institutions support the material aspirations of most of the population. They “feature secure property rights, an unbiased system of law, and a provision of public services that provides a level playing field in which people can exchange and contract.” (Leach, 2017: 12). These institutions ensure that people realize most of the gains from their own efforts. The knowledge that they will do so encourages them to choose the careers that make the best use of their own skills, to develop those skills through education, and if necessary, to start their own businesses and invest in plants and equipment.

Historical examples have shown that inclusive institution is a panacea to economic and political underdevelopment. Acemoglu and Robinson (2013) demonstrated by comparing countries that have inclusive institution vis-à-vis those that have extractive institution. They painted a picture with South Korea and North Korea who share the same borders. The former is a functional state while the latter is a failed state. North Korea under President Kim II Sung runs a stifling, repressive regime that was inimical to innovation because there is no private property right, free market. People in North Korea grow up in poverty without any entrepreneurial initiative, creativity, or adequate education to prepare them for skilled work. Much of the education they receive at school is pure propaganda, meant to shore up the legitimacy of the regime; there are few books, let alone computers when they finish school, everybody goes to the army for ten years (Acemoglu & Robinson, 2013). They already know that they cannot own a property or start a business, even if they engage in business illegally to make a living, they also know that they will not have access to free markets to sell their goods. They are like state property, just there to carry out the dictates of the state.

The situation is however different in South Korea. Due to an inclusive economic institution which encourages investment and trade, "South Korean politicians invested in education, achieving high rates of illiteracy and schooling, South Korea Companies were quick to take advantage of the relatively educated population, their policies encouraged investment and industrialization, exports, and the transfer of technology. With this, South

Korea quickly became one of East Asia's "Miracle Economics", one of the most rapid-growing nations in the world. Functional states must run an all-inclusive economic institution where people are allowed to make use of their talent and skills to improve their lives and the lives of everyone in society.

There are many examples of extractive economic and political institutions: North Korea since its formation, Zimbabwe under Mugabe, Nigeria under Abacha, Babangida and Buhari, China under Mao, the Soviet Union over its entire history, and the Putin regime after its collapse. Political power in each of these cases was controlled by a few political elites who held onto power to enrich themselves. In all the cases development and economic prosperity have eluded them.

The reasons why inclusive institutions lead to prosperity and extractive ones lead to poverty are because countries with inclusive institutions use their productive resources more wisely. They give many people the opportunity to create by providing incentives and supporting innovation. Their freedom opens up the economic space and gives room for healthy competition which promoted growth and development.

According to Jack Leach (2017), there are three reasons for faster growth under inclusive institutions. The first reason is that their citizens make better investment decisions because they know that their future gains will not be expropriated. They undergo more thorough education and training. They start businesses and purchase plants and equipment. They take calculated risks. All of these things can make the economy more productive. The second reason concerns a special kind of inter-temporal decision of invention. The inventor expands his own time and effort, along with material resources, to develop a useful idea or device. His willingness to bear these costs depends upon his ability to profit from his invention. The invention isn't very profitable in a free-for-all economy. A would-be competitor could reverse engineer a new device and then produce and sell a very similar device, eroding the inventor's profits. Inclusive institutions prevent this sort of predatory behaviour by protecting intellectual property, usually by issuing patents. Strong patent laws, reliably enforced by the courts, encourage invention and quicken technological progress, which is the ultimate driver of per capita incomes.

The third reason is that extractive institutions might cause the government to discourage invention. The elite of an extractive economy often discourages innovation in order to ensure their own continued prosperity. However, this is not possible in an inclusive economy. The opportunities that an inclusive economy will create will lead to the discovery of innovation that will enhance sustainable development.

Economic Growth under Extractive Institution

Many critics of the inclusive institution have always used China's rapid economic prosperity, to criticize Acemoglu and Robinson's position that inclusive institution brings about economic growth while extractive institutions retards economic progress. Fukuyama points out that the hardest thing for Acemoglu and Robinson to explain is contemporary China. China today according to them is more inclusive than Maoist China, but still far from the standard of inclusion set by the US and Europe, and yet has been the

fastest-growing large country over the past three decades. (Fukuyama, 1999) For Fukuyama, the Chinese restrict access to the market, engage in financial repression, fail to secure property rights, have no Western-style rule of law, and are ruled by a non-transparent oligarchy called the Communist Party. And yet one cannot explain their economic success. Rather than see this as a threat to their model (i.e., more inclusion, more growth) Acemoglu and Robinson pull a sleight of hand by arguing that Chinese growth won't last and that their system will eventually come crashing down (like Rome did, after about 200 years?). Fukuyama agrees with Acemoglu and Robinson that China will eventually crash. But he argues that even if they crash, no theory of development can explain the most remarkable growth story of our time. In response to this, Acemoglu and Robinson replied on their blog that China's growth can be attributed to some (but yet limited) level of inclusiveness, as was also seen in the example of the [Soviet Union](#) in the 1970s.

He accuses Acemoglu and Robinson of not accurately explaining why some countries have experienced growth while others have not and their inability to reliably predict which economies will expand and which will stagnate in the future. Although they predicted that China will go the way of the Soviet Union: exhausting its current economic success before transforming into a politically inclusive state, because of their extractive political system, we are yet to see any decline in Chinese economic prowess.

Furthermore, Sachs questions Acemoglu and Robinson's assumption that authoritarian regimes cannot motivate economic growth. For him:

Acemoglu and Robinson's simple narrative contains several conceptual shortcomings. For one, the authors incorrectly assume that authoritarian elites are necessarily hostile to economic progress. Dictators have sometimes acted as agents of deep economic reforms, often because international threats forced their hands. (Sachs, 2012: 144)

Looking at some countries in Asia, including Singapore and South Korea, one can easily refute Acemoglu and Robinson's arguments that democratic political institutions are prerequisites for economic growth. One of the examples he pointed out was the administrative and economic reforms that were embarked upon by Prussia's authoritarian leaders after Napoleon defeated Prussia in 1806 at the Battle of Jena. Furthermore, it was to strengthen the state that made Japan's Meiji Restoration in the late nineteenth century, South Korea's industrialization in the 1960s, and China's industrialization in the 1980s. In each case, foreign dangers and the quest for national opulence overshadowed the leaders' concerns about economic liberalization. (Sachs, 2012: 145) Sachs also observed that in their discussion of the incentives facing elites, Acemoglu and Robinson ignore the fact that those elites' political survival often depends as much on external as internal circumstances, leading many struggling states to adopt the institutions and technologies of the leading states in a quest to close economic gaps that endanger the state and society.

In response to Sachs' critique, Acemoglu and Robinson agreed that authoritarian governments can play in economic growth, especially in the case of China, they are of the view that the fast economic growth could be part of the catch-up effect. However, it does

not mean that authoritarian government is better than democratic governments in promoting economic growth. It is still way too early, according to Acemoglu and Robinson, to draw a definite conclusion solely based on the example of China.

Sachs further argues that the authors conflate the incentives for technological innovation and technological diffusion. For them, the distinction is important because the diffusion of inventions contributes more to the economic progress of laggard states than does the act of invention itself. He argues that authoritarian rulers often successfully promote the inflow of superior foreign technologies. An authoritarian government finds it difficult to promote innovation except in the military sector, but it finds it easy to adopt technologies that have already been developed elsewhere. The mobile phone is a practical example, it was invented in the United States, but now, it has rapidly spread around the world, from democracies and non-democracies alike. Even in Somalia, a country that has no national government or law, they have a highly competitive cell-phone sector.

Economic growth under extractive institutions is not impossible but history has shown that it may not last long. The truth is that China is gradually replacing its extractive institutions with inclusive ones which have improved its economic growth. For Leach (2017) the Soviet Union retained its extractive institutions to a calamitous end, but in the early 1980s, China began to replace extractive economic institutions with inclusive ones. It was rewarded with a sharp increase in its rate of economic growth. Between 1980 and 2004, China attained a growth rate of 8.2% per year, which is the highest sustained rate of growth ever observed. Again, the Chinese experience would seem to suggest that continuing economic growth is consistent with extractive institutions, but there are a number of qualifiers.

First, the timing and nature of the new growth permit no doubt that the growth occurred because extractive economic institutions were replaced with inclusive ones. Whatever we make of China's experience, cannot be an endorsement of extractive institutions (Leach, 2017).

Secondly, the per capita output of China in 2016 was \$8,123 while the per capita output of the United States was \$57,608. China remains far behind the world's most efficient and most technologically advanced economies.

Conclusion

Acemoglu and Robinson have presented a compelling way of understanding why most African states are underdeveloped despite their enormous human and natural resources. Their explanations of inclusive and extractive institutions tend to jettison other hypotheses like the ignorance hypothesis, geographical hypothesis, and cultural hypothesis which try to explain the reasons for the development of inequality in the world. In as much as we agree with Acemoglu and Robinson that inclusive institutions bring about economic growth while extractive political and economic institutions stifle economic growth and progress, we do not rule out other factors like ignorance, geography, and culture as factors that influence development especially as it relates to African Development.

Furthermore, we cannot also ignore the role that history played in the current state of the African continent. The historical circumstances of the emergence of the African States and the failure to rise above the ethnicism of the various nations within these states have been at the core of the failure to develop Africa. There is therefore a call for Afro construction to develop an inter-ethnic principle of homogeneity from where an ideology that can generate practical tasks would be fashioned, in order to sensitize, mobilize, galvanize and unite the people for societal development. This is only possible when the political and economic institutions are inclusive.

Finally, Leadership failure has been identified as a major cause of state failure in Africa, but a critical look will unveil that it is not actually the leaders that are the problem but the system. Some may argue that if you hand over countries like Nigeria to great leaders like Thomas Sankara, or a Nelson Mandela, or a Lee Kuan Yew, or a Bin Saeed and an Al Maktoum, or even an Obafemi Awolowo, that the country would be a much better place. But facts have shown that institution is very powerful and influential to change a good leader into a bad one. This is like the case of the chicken and the egg which one comes first (Institution or leadership)? We believe that African states should, first of all, build a strong inclusive institution, which will provide an enabling environment for great leaders who will foster sustainable development.

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