COURSE GUIDE

POL 431
THIRD WORLD DEPENDENCY AND DEVELOPMENT

Course Team Dr. Jacob Audu (Course Writer) – ABU
Dr. Fidelis Achoba (Course Reviewer) – FULOKOJA
Dr. Mathew Ogwuche (Course Editor) - NOUN

NATIONAL OPEN UNIVERSITY OF NIGERIA

National Open University of Nigeria
Headquarters
University Village
Plot 91, Cadastral Zone
Nnamdi Azikiwe Expressway
Jabi, Abuja

Lagos Office
14/16 Ahmadu Bello Way
Victoria Island, Lagos

e-mail: centralinfo@nou.edu.ng
URL: www.nou.edu.ng

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INTRODUCTION

Welcome to **POL 431 - Third World Dependency and Development.** This course is a three-credit unit course for undergraduate students in Political Science. The course material has been developed to meet global standards, with Third World countries in view. This course guide gives you an overview of the course. It also provides you with relevant information on the organisation and requirements of the course.

COURSE AIM

The course attempts a systematic theoretical and empirical study of political economy of underdevelopment in the third world, with emphasis on Africa. Students will be exposed to the theories of imperialism and neo-colonialism and their relevance in understanding the problem of underdevelopment in the Third World. The aim of this course is to develop student's awareness of political and economic contexts of underdevelopment in the Third World, particularly in Africa. Thus, the broad aim will be achieved by:

- introducing you to the concepts of Development, Underdevelopment, Imperialism, Neo-colonialism, Third World and Dependency
- providing you with the theoretical and empirical explanations to the causes of underdevelopment and dependency in Third World Countries
- enabling you to evaluate the relevance of these explanations to contemporary Third World development crisis
- familiarising you with the current debate on the development of Africa

COURSE OBJECTIVES

To achieve the aim set out above, POL 431 has broad objectives. In addition, each unit also has specific objectives. The unit objectives are outlined at the beginning of each unit. I advise you to read them before you start working through the unit. You may refer to them in the course of the unit to personally monitor and evaluate your progress.

On successful completion of the course, you should be able to:

- define the concepts of Development, Underdevelopment, Third World and Dependency, Imperialism and Neo-colonialism; identify countries referred to as Third World and their commonalities
- explain the two different theoretical paradigms that attempt to provide explanations to the causes of Third World backwardness

- discuss the process of emergence of capitalist mode of production from the simple commodity through expanded commodity production and monopoly stage and its consequences on Third World countries
- explain the role of Third World States in the development process especially in the era of globalisation
- acquaint you with the current debate on Africa development

WORKING THROUGH THIS COURSE

To complete the course you are required to read the study units and other related materials. It is also necessary to undertake practical exercises for which you need a pen, a notebook, and other materials that will be listed in this guide. The exercises are to aid you, and to facilitate your understanding of the concepts and issues being presented. At the end of each unit, you will be required to submit written assignments for assessment purposes. At the end of the course, a final examination will be written.

COURSE MATERIALS

The major materials needed for this course are:

1. Course Guide
2. Study Units
3. Assignments File
4. Relevant textbooks including the ones listed under each unit
5. You may also need to listen to political, social and economic programmes and news reports on electronic media (local and foreign)
6. In addition, you are also expected to read newspapers, magazines, journals and interact with internet resources.

STUDY UNITS

There are 5 modules broken into 25 units in this course. They are listed below:

Module 1 Understanding the Third World and its Descriptive Taxonomy

TEXTBOOKS AND REFERENCES

Certain books have been recommended in the course. See the list of books at the end of each unit. You may wish to purchase them for further and personal reading.

ASSESSMENT EXERCISES

An assessment file and a marking scheme will be made available to you. In the assessment file, you will find details of the works you must submit to your tutor/facilitator for marking. There are two aspects of the assessment of this courses the tutor marked and the written examination. The marks you obtain in these two areas will make up your final marks. The assignment must be submitted to your tutor for formal assessment in accordance with the deadline stated in the presentation, schedules and the assignment file. The work you submit to your tutor for assessment will account for 30% of your total score.

TUTOR-MARKED ASSIGNMENTS (TMAs)

You will have to submit a specified number of the (TMAs). Every unit in this course has a tutor-marked assignment. You will be assessed on four of them but the best three performances from the (TMAs) will be used for computing your 30%. When you have completed each assignment, send it together with a tutor-marked assignment form, to your tutor. Make sure each assignment reaches your tutor on or before the deadline for submissions. If for any reason, you cannot complete your work on time, contact your tutor for a discussion on the possibility of an extension. Extensions will not be granted after the due date unless under exceptional circumstances.

FINAL EXAMINATION AND GRADING

The final examination will be a test of three hours. All areas of the course will be examined. You are to find time to read the unit all over before the examination. The final examination will attract 70% of the total course grade. The examination will consist of questions, which reflect the kinds of self-assessment exercise, and tutor marked assignment you have previously encountered. You should use the time between completing the last unit, and taking the examination to revise the entire course.

COURSE MARKING SCHEME

The following table lays out how the actual course mark allocation is broken down.

Assessment	Marks
Assignments (best three assignments out of four marked)	= 30%
Final Examination	= 70%
Total	= 100%

COURSE OVERVIEW PRESENTATION SCHEME

The dates for submission of all assignment will be communicated to you. You will also be told the date of completing the study units and dates for examinations.

Units	**Title of Work**	**Week Activity**	**Assignment (End-of-Unit)**
Course Guide	**Third World Dependency and Development**		
Module 1	**Understanding the Third World and its Descriptive Taxonomy**		
Unit 1	Understanding the Concepts of Third World, Development, Underdevelopment and Dependency	Week 1	Assignment 1
Unit 2	Descriptive Taxonomy and the Commonalities of the Third World Countries	Week 2	Assignment 2
Unit 3	Theoretical and Empirical Explanations to the Causes of Third World Development Crisis	Week 3	Assignment 3
Unit 4	Critique of the Theoretical and Empirical Explanations	Week 4	Assignment 4
Unit 5	Growth Theory of Development	Week 5	Assignment 5
Module 2	**The Emergence and Development of Capitalism and Imperialism**		
Unit 1	The Emergence of Capitalism from Simple Production expanded and to Monopoly Production	Week 6	Assignment 1
Unit 2	Theories of Imperialism	Week 7	Assignment 2
Unit 3	V.I Lenin’s Theory of Imperialism	Week 8	Assignment 3

Unit 4	Globalisation as an International System	Week 9	Assignment 4
Unit 5	The Relationship between Development and Underdevelopment	Week 10	Assignment 5
Module 3	**The Forms, Nature and Structure of Dependency and Underdevelopment**		
Unit 1	Forms of Dependence	Week 11	Assignment 1
Unit 2	Externalities of the Systems of Dependence and Underdevelopment	Week 12	Assignment 2
Unit 3	Internal Factors and Mechanisms of Underdevelopment	Week 13	Assignment 3
Unit 4	The Paradox of Globalisation and the Third World	Week 14	Assignment 4
Unit 5	Internal and External Context of Development and Underdevelopment	Week 15	Assignment 5
Module 4	**Theoretical Debate on the Nature and Character of The State in the Third World**		
Unit1	Theoretical Explanations of the State in the Third World	Week 16	Assignment 1
Unit 2	The Role of the State in the Third World	Week 19	Assignment 2
Unit 3	Africa's Response to the Development Crisis (NEPAD/APRM)	Week 20	Assignment 3
Unit 4	Corruption and the Third World	Week 21	Assignment 4
Unit 5	Finding Proper Roles for the State in the Third World	Week 22	Assignment 5
Module 5	**Africa's Response to the Development Crisis**		
Unit 1	The Nexus between Democracy and Development in the Third World	Week 23	Assignment 1
Unit 2	Issues in Nigerian Politics and Nation Building	Week 24	Assignment 2
Unit 3	Third World and the Democratization Process	Week 25	Assignment 3
Unit 4	Third World and the Challenges of Governance	Week 26	Assignment 4
Unit 5	Response to Third World Underdevelopment	Week 27	Assignment 5

HOW TO GET THE MOST FROM THIS COURSES

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 suits 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 where to read, and which are your text materials or set books. You are provided exercises to do at appropriate points, just as a lecturer might give you an in-class exercise. 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 the 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 will significantly improve your chances of passing the course. The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a reading section. The following is a practical strategy for working through the course. If you run into any trouble, telephone your tutor. 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.

1. Read this course guide thoroughly, it is your first assignment.
2. Organise a study schedule. Design a ‘course over’ 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. Whatever method you choose, you should decide on and write in your own dates and schedule of work for each unit.
3. Once you have created your own study schedule, do everything to stay faithful to it. The major reason why students fail is that they get behind with their course work. If you get into difficulties with your schedule, please, let your tutor know before it is too late to help.
4. Turn to unit I, and read the introduction and the objectives for the unit.
5. Assemble the study materials. You will need your set books and the unit you are studying at any point in time. As you work through the unit, you will know what sources to consult for further information.
6. Keep in touch with your study center. Up-to-date course information will be continuously available there.
7. Well before the relevant due dates (about 4 weeks before due dates), 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. Submit all assignments not later than the due date.

8. 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.
9. 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 pace your study so that you keep yourself on schedule.
10. When you have submitted an assignment to your tutor for marking, do not wait for its return before starting on the next unit. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor marked assignment form and also the written comments on the ordinary assignments.
11. 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).

FACILITATORS, TUTORS AND TUTORIALS

Information relating to the tutorials will be provided at the appropriate time. Your tutor will mark and comment on your assignments, keep a close watch on your progress and on any difficulties you might encounter and provide assistance to you during the course. You must take your tutor-marked assignments to the study center well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible. Do not hesitate to contact your tutor if you need help. Contact your tutor if you do not understand any part of the study units or the assigned readings. Also contact your tutor when you have a question or problem with an assignment or with your tutor's comments on an assignment or with the grading of an assignment.

You should try your best to attend the tutorials. This is the only chance to have face-to-face contact with your tutor and ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussion actively.

SUMMARY

This course guide has been designed to furnish you with the information required for a fruitful adventure in the course. In the final analysis, how rich you get from the course is essentially dependent on how much of your time, effort and planning you put in. So, your success in Pol 431 and in the entire programme is a function of the commitment and dedication you put into it. We wish you success with the course and hope that you will find it both interesting and useful.

LIST OF ACRONYMS

ACCs	-	Advanced Capitalist Countries
C-M-C	-	Commodity Money Commodity
DCs	-	Developed Countries
FDI	-	Foreign Direct Investment
GATT	-	General Agreement on Tariffs and Trade
GDP	-	Gross Domestic Product
HDI	-	Human Development Index
IFIs	-	International Financial Institutions
IMF	-	International Monetary Fund
LDCs	-	Less Developed Countries
MNCs	-	Multi-National Corporations
NCC	-	Nigerian Communication Commission
NICs	-	Newly Industrialized Countries
NIES	-	Newly Industrialized Economies
SAP	-	Structural Adjustment Programme
TWCs	-	Third World Countries
UN	-	United Nations
WTO	-	World Trade Organization

MAIN COURSE

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MODULE 1 UNDERSTANDING THE THIRD WORLD AND ITS DESCRIPTIVE TAXONOMY

INTRODUCTION

This module which is the introductory module exposes students to the concepts of Third World, Development, Underdevelopment and Dependency, Theoretical and Empirical explanations to the causes of Third World development crisis, and critique of the Theoretical and Empirical explanations. This module is made of four units aimed to give students the basic foundational knowledge about the course.

UNIT 1 UNDERSTANDING THE CONCEPTS OF THIRD WORLD, DEVELOPMENT, UNDERDEVELOPMENT AND DEPENDENCY

CONTENTS

1.0 INTRODUCTION

This unit is the first among the four constituent units of this module. The main thrust of this unit is to identify and operationalise the concepts that are fundamental to understanding the course. This is to enable you overcome some misconceptions and ambiguity surrounding these concepts arising from the multicultural and multidisciplinary approach to it and to also appreciate the reasons behind the classification of some societies as Third World Countries (TWCs). This unit therefore forms the foundation upon which other modules are built on. You are therefore, expected to give it maximum attention it deserves.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain Third World, development, Underdevelopment and Dependency and the relationship between them
- define the concept of Third World, Development, Underdevelopment and Dependency
- identify and describe countries referred to as Third World and their common characteristics
- explain the causes of backwardness of the Third World Countries (TWCs)
- assess the relevance of the theoretical and empirical explanations of the causes of Third World backwardness.

3.0 MAIN CONTENT

3.1 Conceptualising the Third World

To start with, it is important to note that today, there are about 7 billion people on planet earth and over 5 billion of them live in nations categorised as Third World. These people live in Africa, Asia, Latin America, the Caribbean and the Middle East. It covers the majority of the human population as such, it cannot be ignored.

The concept of Third World was introduced by a French Economist and Demographer, Alfred Sauvy who, in an attempt to describe the different categories of economic conditions suggested that there were three worlds on the planet. The first is the old world of Europe, which was built on the agricultural society and governed by the system of feudalism. The second world is known as the new world, which described the discovery and settlement throughout the Americas both North and South. This was the era of Industrial Revolution, which laid the foundation for the modern, technical and mechanical societies. The final one refers to the Third World.

The concept of Third World is not only popular but generally used by different people, yet defined in different ways by scholars, policy makers, politicians and experts of International Relations. Samples of these definitions are given below:

According to Munroe (2001:216), Third World nations refers to people who were not allowed to participate or benefit from the industrial revolution despite the fact that the sweat and blood of these people became the human slab on which the foundation of the Industrial Revolution was laid.

According to Handelman (2001:1-2) Third World refers to the nations of Africa, Asia, the Middle East, Latin America and the Caribbean that belong neither to the first world (Japan and the Western Industrial Democracies, the first countries to develop industrial economies and liberal democracies) nor to the now defunct second world (the bloc of former communist nations, that included the Soviet Union and Eastern Europe). Third World is essentially a residual category. Countries fall under its banner not because of any specific quality, but simply because they are not members of either the first or the second worlds.

Third World is widely used in practice as a synonym for developing countries or less developed countries. From the above definitions, it is instructive to note that despite the differential conception of the concept of Third World, there are considerable agreements in what constitute the essential elements common to societies or countries referred to as Third World Countries which will be described in the next unit.

Conversely, it will be empirically wrong to still view the notion of Third World purely from a geographical lens as it were. The classical notion of Third World generally classified the countries in Africa, Asia, the Middle East, Latin America and the Caribbean as Third World. Over time, the development success story of the South-East Asian counties, popularly referred to as *the Asian Tigers* is a refutation of the classic notion of Third World. Today, the Asian Tigers such as Malaysia, Indonesia, Singapore, Taiwan, Thailand, and even China, and Japan are by no means Third World countries. Therefore, the notion of Third World is no longer geographically determined by a sundry of countries whose indices of *dependence* such as poverty rate, unemployment rate, the ratio of importation to exportation of goods, mortality rate, illiteracy rate, indecencies of physical violence, technological dependence etc are more than the global bench mark. The countries under this conceptualization are found in Africa, Asia, Latin- America and the Caribbean

SELF-ASSESSMENT EXERCISE

i. Conceptualise the classical notion of third world.
ii. Demonstrate your understanding of how the development success story of some Asian countries has refuted the classic notion of Third World.

3.2 Conceptualising Development

Development is a complex and highly contested concept that does not lend itself to any generally acceptable definitions due to the multidimensional nature and multidisciplinary approach to it and the value laden attached to it. However, some scholars have tried to provide meanings to the concept but in doing that, some scholars have misconstrued development for growth, modernisation, progress and westernisation.

Even though all these are necessary, they are not sufficient conditions for development. It is possible to have growth without development, so also progress, modernisation and westernisation. While development is more than growth, progress, modernisation and westernisation, all these are sine qua non for development. So what is development?

According to Walter Rodney (1972),
Development is a many-sided process implying for the individual, skills and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. The process involves the development of tools, skills and the mobilisation of required resources for development purpose.

According to Okwudiba Nnoli (1979),
Development refers to a checklist of technical artifacts. To him, the availability of schools, hospitals, road networks, electricity, boreholes and other infrastructural faculties are indications of development.

To V.I. Lenin (1968) development means: A progressive movement, ascension from lower to higher stages and from simple to complex situations- the simple/lower stage(s) refers to the state of nature in which society finds itself in the process of social evolution.

According to Seers (1969:5) the question to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What 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 World Bank in World Development Report (1991) stressed that the concept of development has economic, social and political attributes such as sustainable increase in living standards including consumption, education, health and environmental protection, equality of opportunity and liberties and political freedom. From the definitions above, there is clear indication that development does not have precise definition; nevertheless, the following viewpoints can be discussed as common grounds of agreement:

- development is a process and not a state and this process is many-sided
- development involves action which emphasises the conscious efforts of the state to induce development in the society
- it focuses on quantitative and qualitative changes in the structure, composition and performance of the forces of production.
- it also emphasized an increasing capacity to make rational value and use of natural and human resources for meeting people's social ends
- it ultimately brings about qualitative improvement in the standard of living of the people.

Above all, a study of development provides you an insight to understanding the direction of societal change, its causes and dimensions. The onus of providing theoretical and empirical explanations for these, strand by strand constitute directly the thrust of this course.

SELF-ASSESSMENT EXERCISE

Identify and briefly discuss the various misconceptions of development.

3.3 Conceptualising Underdevelopment

The concept of *underdevelopment* as first used in the 1940s is shrouded like development in controversy arising from scholars seeing it in different ways. The concept as it is used is an all-inclusive. It refers to a society's political organisation, economic characteristics and social institutions. But according to Andre Gunder Frank (1968), underdevelopment is not at all the same as undeveloped. If by the latter we mean a relative lack of development which was prevalent in almost all countries of the world in the pre-capitalist and pre-industrial times. But as Foster-Cater (1985:3) had observed: Underdevelopment, far from being a stage on the way to development is a totally different situation- on a road that leads to nowhere. And this in turn is because it is not or not only a process but a relation; it is something someone has done to someone else. So what is underdevelopment?

Some scholars see it as the direct opposite or the other side of development, while others conceive it by comparing the levels of development of two or more societies and others see it as the absence of development. But according to Gunder Frank (1968), underdevelopment involves imperialism and exploitation. Third World societies have been prevented from developing because their economies serve the interest of the west.

According to Alanana (2006:5) underdevelopment is a process in which a country has not sufficiently developed. This status of insufficient development, he added, was acquired under certain historical circumstances. These historical conditions includes centuries of slavery, colonialism and neo-colonialism.

According to Frank (1969) underdevelopment refers to an active process of distortion, characteristic of the relatively modern fate of the Third World, and hence in no way to be equated with tradition or any sort of original state.

The underdevelopment concept, understood not simply as retardation, but as a distortion of economic development, suffers from the fact that, apart possibly from the U.S.A, England and France, there has never been a so called normal development of industrial capitalism in any country. From the above definitions, underdevelopment can be said to be neither the opposite nor absence of development because every society had experienced a form of social progress at a historical point of time; especially in its process of social formation. However, underdevelopment can be seen as a process which is synonymous with exploitation and plunder of one country by another under historical circumstances of capitalist expansion, imperialism and colonialism and has continued in this neo-colonial stage. The outcome of this process is the gross inequality in wealth distribution and lack of development at the local, national and international levels.

Underdevelopment could also be a state of economic dependence, presence of high rate of poverty, unemployment, illiteracy, mortality, infrastructural decay, educational decay, technological dependence etc as a result of bad governance.

The above definitions imply that:

i) there exists a link or relationship between the Capitalist Industrialised Countries and the Third World Countries

ii) economic links between the Advanced Capitalist Countries and the Third World Countries are structurally and historically developed and has *conditioned* the Third World Countries to be perpetually dependent on the Advanced Countries.

iii) it also implies underdevelopment could be as a relationship between governance politics and economy

SELF-ASSESSMENT EXERCISE

Briefly discuss the concept of underdevelopment.

3.4 Conceptualising Dependency

Dependency as a concept becomes externally tricky in an increasingly integrated world economy. However, political independence means nothing without economic independence. It is within this context that Kwame Nkrumah (1965), former president of Ghana in his work: *Neo-Colonialism: The Last Stage of Imperialism* observed that: The Third World Countries would not make a forward march towards economic independence until neocolonialism or neo-imperialism was vanquished. To give credence to this assertion, decades after political independence for most of the Third World Countries, they have remained perpetually dependent. What is Dependency?

According to Offiong (1980:73) dependency refers to the situation that the history of colonial imperialism has left and that modern imperialism creates in underdeveloped countries. According to Johnson (1972: 72), dependency is imperialism seen from the perspective of underdevelopment. Dependency from this perspective is not an external factor but as a *conditioning* situation in which the specific histories of development and underdevelopment transpired in various societies.

To Dos Santos cited in Offiong (1980:73-74), dependency refers to a situation in which a certain group of countries have their economy *conditioned* by the development and expansion of another economy, to which the former is subject. The relation of interdependence between two or more economies and between these and world trade assumes the form of dependence when some countries (the dominant) can expand and give impulse to their own development, while other countries (the dependent) can only develop as a reflection of this expansion.

From the forgoing definitions, there seemed to be some common agreement by these scholars on some issues which include:

i) that development and dependency is relational
ii) that global inequality in wealth and development is situated within the historical exploitation of poor societies (Third World Countries) by the rich countries (Advanced Countries)
iii) that the dominant (Advanced Countries) are capable of dynamic development responsive to their internal needs whereas the dependent (Third World) have reflex type of development
iv) that the development alternatives open to the dependent nations are defined and limited by its *integration* into, and functions within the world capitalist market

v) that the basic situations of dependence leads to a global situation in dependent countries that situated them in backwardness and under the exploitation of the dominant countries.

SELF-ASSESSMENT EXERCISE

Identify two or more definitions of dependency.

4.0 CONCLUSION

The crisis of development plaguing the third world countries has attracted the attention of scholars, policy makers, government and non-governmental institutions. In this course, attempt has been made to conceptualise the concept of Third World in its historical evolution. Other concepts that are fundamental to understanding the course such as development, underdevelopment and dependency have been operationalised. In doing this, some of the misconceptions are identified and to avoid ambiguity, students are introduced to some of the key characteristics that make their definitions to be acceptable.

5.0 SUMMARY

In this Unit, effort has been made to operationalise the basic concepts that are central to understanding the course. You have learned that there are various definitions to the concepts as presented by scholars of political economy. Despite the multidimensional and multidisciplinary approach to the definition of these concepts, certain key characteristics that are paramount in all are identified for proper understanding and comprehension.

6.0 TUTOR-MARKED ASSIGNMENT

1. Briefly define the concepts of Third World, underdevelopment, developmental and dependency and show the linkages.
2. Identify the various misconceptions of the concept of development and explain the most appropriate to you.
3. Discuss the relationships among the concepts of development, underdevelopment and dependency.

7.0 REFERENCES/FURTHER READING

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UNIT 2 DESCRIPTIVE TAXONOMY AND THE COMMONALITIES OF THIRD WORLD COUNTRIES

CONTENTS

1.0 INTRODUCTION

It will be erroneous and misleading to generalise the categorisation of all Third World countries. This is because the societies which compose it are exceedingly diverse, as such, this unit will give a brief description of what Third World countries is, the basic characteristics and commonalities.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- describe countries categorised as the Third World
- mention the characteristics of countries referred to as Third World
- explain the common features of the Third World countries.

3.0 MAIN CONTENT

3.1 Descriptive Taxonomy of Third World

There is not even agreement on a collective name for the approximately 140 countries that constitute the third world countries, because they can be found in different parts or regions of the world. But simply put, Third World Countries refers to the nations of Africa, Asia, the Middle East, Latin America, and the Caribbean. This section shall provide brief information about these regions that makes up the third world countries but our focus will be on Africa and Latin America.

Africa, particularly Sub Sahara Africa, had a very specific experience of the world system of slavery, colonialism and neo-colonialism. During the slave period, millions of people were forcibly taken to the America with drastic effects on their societies. Colonialism, even though started late after the Berlin conference of 1884-85, was very comprehensive and almost universal except for countries of Ethiopia and Liberia that escaped. Most of these countries are characterised by explosive population and urban growth, agrarian and low level of technology. It is important to note that of all the third world countries, Africa looks to be the least developed and have the worst problems.

Latin America, to a large extent, is the original Third World. It was colonised early, from the late 15th Century, mostly by Spain and Portugal. It was also independent early, from as long ago as the 1820s, before most of Africa had even been colonised.

In this century, some larger countries within this continent- Brazil, Mexico, Argentina have undergone a certain degree of industrialisation, but whether this has or will transform the basic structure of underdevelopment is mostly debated, and it is no surprise that it was Latin America that gave birth to dependency theory.

3.2 Characteristics of Third World Countries

Here, we shall focus on the characteristics that distinguished these countries from Advanced Countries. The most salient characteristics of the Third World countries are their poverty. This is manifested at both individual (in terms of unemployment, sub-standard or low standard of living, poor health conditions, and inadequate nutrition, etc; and at national levels, (manifested in a combination of low per capita income, low Gross Domestic Product (GDP), highly unequal income distribution, poor infrastructure, limited use of modern technology, and low consumption of energy.

Robert McNamara, one-time World Bank President, defines poverty, particularly absolute poverty as conditions of life so characterised by malnutrition, illiteracy, diseases, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency.
According to Griffith (1989:127),

The critical problem facing certain third world countries, therefore is the hundreds of millions of our fellow human beings who like us have been created in the image of God but who live in condition of appalling deprivations.

Another principal characteristic defining Third World Countries (TWCs) is their peripheral economic and cultural status relative to the major advanced countries of the world. As such, even wealthy nation such as Saudi Arabia or stable economies such as Costa Rica are still considered part of the TWCs, because their economic and political systems are largely shaped and dependent on the developed world.

In describing the characteristics of the Third World, Offiong (1982:200) sees it as:

The state of an economy of a satellite economy characterised by underemployment of human and material resources, such an economy is characterised by low real income per capita in comparison with those of North America and Western Europe. It is characterised by illiteracy, poverty, over population and disease.

Such are the hallmarks of underdeveloped or third world countries. Of course there must be difference between Third World countries but to maintain that no common ground exists is to make any discussion outside or across the frontiers of a single country meaningless. The Third World is important because of the massiveness of its poverty. It is hazardous to try to generalise too much about the 143 member countries of the United Nations (U.N.) that constitute the Third World while almost all are poor in money terms, they are diverse in culture, economic conditions, and social and political structures.

According to Ujo (1995:51-52), one of the ways of measuring underdevelopment is to use statistical index. Based on this criterion, underdevelopment can be measured through the following indices categorised under economic, demographic, cultural and political and technological indicators.

Economic indicators include: A high proportion of the population in agriculture and over population in agriculture where it is possible to reduce the number of workers in agriculture and still obtain the same total output; considerable disguised unemployment; very little capital per head; low income; low savings; major proportion of expenditure is on food; export of raw materials; low volume of trade; poor credit facilities and poor housing. Demographic indicators include: high fertility rates, high mortality rates; poor nutrition; and poor hygiene.

Cultural and political indicators include: High degree of illiteracy, child labour, wide gap between the rich and the poor, women occupy inferior status, predominance of traditional values; and, political instability. Technological indicators include: low technology in agriculture, low technology in industry; and crude technology.

SELF-ASSESSMENT EXERCISE

Outline the characteristics of Third World Countries.

3.3 Third World Commonalities

It is instructive to note that despite the endless variety of geography, history and cultures of Third World Countries, there is also at some level an element of commonality in economy, politics, in experiences or structure. However, there are two variants to the claim of this commonality. The claim can be categorised under:

a. Recapitulation or diffusion perspective
b. Unevenness or dependence perspective

According to the recapitulation perspective, what the TWCs shares is being behind the advanced countries in various ways. These countries also share low Human Development Index (HDI), the most comprehensive and composite measurement of school enrolment, literacy, infant mortality, life expectancy and income. It also shares the opportunity or prospects to ameliorate this by receiving benefits diffused from the world, and it will share a common feature in following gradually in the West’s footsteps.

The unevenness or dependence perspective on the other hand, claim that what the TWCs share is a similarity of experience; namely: being historically subjugated and reduced to a subordinate position in the world economy, which is not like anything the West went through and which must be escaped from, not built upon if real development is to take place in the Third World Countries. This perspective also described Third World governments as agents of the local economic elite who colluded with Western Multinational Corporations.

These countries also have poor public social policy which is supposed to help determine the share of the country’s economic resources that is invested in education, sanitation and health care. Despites their variations, however, Third World nations share a common set of problems both domestic and international that define their state of underdevelopment. The common problem shared in varying degrees by most Third World countries include: widespread and chronic absolute poverty; high and rising levels of unemployment and underemployment; wide and growing disparities in the distribution of income; low and stagnating levels of agricultural productivity; sizeable and growing imbalances between urban and rural levels of living and economic opportunities; serious and worsening environmental decay; antiquated and inappropriate education and health systems; severe balance of payments and international debt problems; and substantial and increasing dependence on foreign aid and often inappropriate technologies, institutions and value system.

However, common characteristics of Third World countries include: low living standard, comprising low income, high inequality, poor health and inadequate education; low levels of productivity; high rates of population growth and dependency burden; high and rising levels unemployment and underemployment; significance dependence on agricultural production and primary products export; and, dominance, dependence and vulnerability in international relations.

SELF-ASSESSMENT EXERCISE

Identify the common characteristics that Third World Countries have.

4.0 CONCLUSION

In the light of foregoing, we conclude this unit by stating that despite the substantial differences among Third World countries, they still share a number of common characteristics. For instance, all of them suffer from some aspects of political, economic or social underdevelopment. However, while some TWCs are underdeveloped in all major aspects of modernisation and development, other TWCs are far more advanced in some areas of development than in others, like countries of South East Asia.

5.0 SUMMARY

This unit has examined a description of the countries and other characteristics that qualified them to be called Third World Countries. The unit observed that even though these countries vary on so many issues, they share some commonalities.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe the characteristics of Third World countries.
2. Identify the commonalities of Third World countries.
3. Mention any Third World country of your choice and discuss the characteristics and common features it shares with others.

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UNIT 3 THEORETICAL EXPLANATIONS TO THE CAUSES OF THIRD WORLD COUNTRIES' UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

The crisis of underdevelopment and dependency plaguing the Third World Countries has attracted the attention of social scientists. However, understanding the nature, character and causes of dependency of these countries have generated complex debates by social scientists. Consequently, the question about the origin and causes of underdevelopment and dependency elicit very different responses from social scientists. Frequently, their evaluations reflect their personal, cultural backgrounds or ideologies.

In the light of the foregoing, two competing paradigms have shaped scholarly analysis of the debate. The first is the *modernisation* school and the other is the *dependency* school. This unit attempts the discussion of the two theoretical and empirical paradigms (modernisation and dependency) used in providing explanations to the causes of wealth and poverty of the Advanced Capitalist Countries (ACC) and the Third World Countries (TWCs).

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain the causes of Third World countries backwardness
- show why Capitalist development has not taken place in the Third World countries
- explain the postulations of modernisation for explaining Third World development crisis

- discuss the postulations of dependency in explaining the causes of TWCs backwardness
- analyse which theoretical explanations best explains the causes of Third World backwardness.

3.0 MAIN CONTENT

3.1 Emergence of the Modernisation Theory School

The origin and emergence of modernisation theory could be traceable to the 1950s and 1960s, as the demise of European colonialism produced a vast number of independent nations in Africa, Latin America and Asia. Western Social Scientists began to study Third World countries' politics and economics intensely. From the study came the modernisation theory. The theory which emerged in the 20th century gained popularity in the U.S.A in 1960s.

The emergence of the modernisation theory is a product of three (3) historical events in the post-World War II era. These events are:

i. the emergence and rise of the United States of America as a global power after the Second World War
ii. the spread of communism from the defunct USSR, Korea and China to the new nations emerging from colonial domination
iii. the disintegration of European colonial empires in Africa, Asia and South America.

Against these historical events and factors, the newly independent nations were in desperate search for development models for their economy in order to secure their political independence and safeguard their economic freedom. Consequently, America showed interest and encouraged bourgeois elites to support research efforts of their young social scientists. The outcome of this research brought about the modernisation theory.

SELF-ASSESSMENT EXERCISE

Briefly trace the emergence of the modernisation theory.

3.2 Basic Postulations of the Modernisation Theory

Modernisation generally implies a process of change towards those types of social, economic and political system which had developed in Western Europe and North America from the 17^{th} Century and had then spread to other European countries in the 19^{th} and 20^{th} centuries in South America, Asia and African Continents. Modernisation represents a change in values, behaviour or attitude of a society towards the direction of developed societies.

Modernisation is multidisciplinary in structure and content. At the level of sociology, it maintains that change and transition from traditionalism to modernity is gradual and achieved through structural differentiation as seen in the works of Talcott Parsons, Neil Smelser, etc. At the level of economics, its emphasis is on the increase in production and capital investments. This is indicated in the works of (W.W. Rostow's *Stages of Economic Growth: A Non Communist Manifesto* published in 1960. At the level of Political Science, it emphasises, the need to enhance the capacity of the political system as is reflected in the works of Gabriel Almond, James Coleman, Samuel Huntington. This is indicated in the theory of political development where some of the scholars are primarily concerned with the absence or weakness of political culture and institutions as reasons for Third World backwardness. While there are variations and disagreement among modernisation scholars, they generally share on a number of underlying postulations which are:

i) Within the modernisation theoretical prism, the Third World countries (TWCs) can never developed because their traditional values, norms, behaviours and institutions are antithetical to development;
ii) The theory believes that the yardstick and standards of development of the TWCs are developed countries of America and Europe;
iii) Modernisation theory argued that the TWCs, would and should follow a path of political and economic modernisation paralleled to the one first travelled by the Advanced Western nations. To achieve, they insisted that TWCs had to acquire modern cultural values and create modern political and economic institutions.
iv) They see development as internally induced due to atavistic and incompatible traditions and institutions.
v) Finally, transforming the traditional cultures was seen as the first step in the modernisation process.

A Major proponent of the economic aspect of the school is W.W. Rostow who popularised the theory in his work: *Stages of Growth: A Non Communist Manifesto* published in 1960. According to Rostow, growth and development are historically linear process discernible into five (5) stages through which all TWCs must pass through to develop.

The stages are:
(i) traditional societies
(ii) pre-condition to take-off
(iii) take off

(iv) drive to maturity
(v) the age of high mass consumption.

SELF-ASSESSMENT EXERCISE

Use the modernisation theory to discuss underdevelopment and dependency of the Third World Countries.

3.3 Emergence and Proponents of Dependency Theory

The dependency theory was originally propounded by Paul Barran (1967) and then popularised by Andre Gunder Frank (l967), Theotonio Dos Santos (l970), Samin Amin (1972), Walter Rodney (1972), Claude Ake (1981) among several others. The *Dependency Theory* incorporates a variety of perspectives; each attempting to isolate the factors that can be held accountable for the underdevelopment of the Third World Countries (TWCs). To Jhingan (2007) there is a plurality of dependency views; different meanings are accorded the concept of dependence, and different analysis are offered to explain underdevelopment as a result of the interplay between internal and external structures in developing nations.

Dependency theorists are, therefore, often classified as Marxists, neo-Marxists and structuralists. Tadoro (1994) classifies them as Neo-colonial Dependence Model, the False Paradigm Model and Dualistic Development Thesis. Notwithstanding the varying perspectives, there appears to be a consensus about the main thrust of the postulations of the theory

SELF-ASSESSMENT EXERCISE

Name the proponents of dependency theory and briefly discuss the circumstances that led to the emergence of the theory.

3.4 The Basic Postulations of the Dependency School

The main argument is that the cause of the underdevelopment of the TWCs can be located within the dynamic and contradictory growth of the global capitalist system. That this underdevelopment has not stemmed from some original state of affairs, as claimed by Western modernisation theorists, but rather from the same historical process by which the now developed capitalist countries of Europe and America became developed.

Consequently, the whole world has now become divided into two ˜sets of countries: the developed countries (DCs) of Europe, North America and Japan and the less developed countries (LDCs) which are mostly found in Africa, Asia and Latin America. The former are also referred to as the

Centre while the latter are called the Periphery. Frank (1976) calls the DCs as *Metropolis* and the LDCs, *Satellite* countries.

The phenomenon of dependency, according to Dos Santos (Quoted by lhingan2007:81):
Is a situation in which the economy of certain countries is *conditioned* by the development and expansion of another economy to which the former is subjected. A dependent relationship results between two or more economies when some countries (the dominant ones) can expand and be self-sustaining, while other countries (the dependent ones) can do this only as a reconnection of that expansion, which can have either a positive or a negative impact on their immediate development.

The consensus among the dependency theorists can be summarized into four by (Jhingan, 2007:6);

(i) Identification of underdevelopment with the expansion of industrial capitalist countries;
(ii) The view that development and underdevelopment are parts of a united system;
(iii) The conception that underdevelopment is a persistent natural condition, not a temporary, pre-capitalist, state; and
(iv) Agreement that dependence affects internal politics, society and culture. It is the content ion of Frank (1967) Dos Santos (1970) and Amin (I976) that the prevalent state of underdevelopment in the LDCs is a consequence of an international historical process which involved the formation, expansion and consolidation of the capitalist system.

This process was consummated through the incorporation of the LDCs into the world economy by the forces of colonialism and the imposition of capitalist relations of production on them. Through the phenomenon of international division of labour, the LDCs have been consigned to the role of producers of raw materials or primary products for industries of DCs and serving as markets for their manufactured goods. According to Raul Prebisch (2009) the international economic order was divided between an industrial core and an agrarian periphery whereby the colonising core countries dominated world trade and geopolitics, and systematically deprived the colonised peripheral nations.

Through emphasis on comparative advantage, the global economic system consigned some countries (in the South) to being exporters of raw materials and importers of manufactured goods in perpetuity (Quoted by Potter, Binns, Elliot and Smith 2008). This situation created a cycle of poverty and disadvantage whereby poor countries always imported high value goods without earning enough to pay for imports. LDCs have, therefore, become dependent on selling limited range of raw materials on highly prejudicial terms by using the currencies of the most industrialized countries such as the G7.

Dependency of the LDCs is also a function of their heavy dependence on the DCs for foreign capital. Foreign capital, according to Jhingan (2007, p.2l) 'it leads to external orientation of LDCs by exportation of primary commodities, importation of manufactured goods, thus making them dependent for the industrialisation of their economies'. It is also the view of Amin (1976) that foreign aid stunts agriculture, encourages trade and investment dependencies and reinforces the dominance of exploitive elites of LDCs. country own resources, collective self-reliance based on mutual cooperation and economic integration and a demand for a New International Economic Order based on transfer of technology to the LDCs, control of natural resources by the LDCs, higher prices for raw materials of LDCs and access to the markets of DCs for manufactures of the LDCs thereby subjecting Nigeria and other LDCs to use the currencies of the so-called industrialized countries as unit of exchange in international trade. The compelling reason for the adoption of the Dependency Theory for this study is borne out of the continuous use of the industrialized countries currencies and its attendant consequences on DCs's economy. As a consequence, the condition of the masses in most DCs, in recent years have consistently worsened or deteriorated as more and more economic hardship is been experienced.

To this end, the Dependency Theory is of the view that international trade does not guarantee equitable or equal distribution of global wealth and has not alleviated or reduced poverty in Nigeria. Hence low state of domestic production in LDCs may become the source of gains for DCs, since the essence of trade is to make profit.

It is important to note that all dependency scholars take seriously the colonial relationships which have historically marked the growth of the TWCs. They argue that outside of an explicit recognition of the consequence of that relationship, no accurate understanding of the present situation of these countries is possible.

The basic arguments of the dependency school are:

i) The dependency scholars rejected the claim that the TWCs could follows the same path to development as Western nations had because the advanced industrialised nations changed the landscape for those that followed them. When Britain became the world's first industrial power, it faced no external economic competition; today; however, newly industrialising countries must compete against such well-established industrialised giants as the U.S, Japan, Germany, etc. As Dos Santos added:

TWC will have to borrow from financial capital and purchase advanced technology from the developed countries, thereby making them dependent on external economic forces beyond their control and weakening their development.

ii) They also argue that while modernisation scholars view western influence in the TWCs as beneficial, because it spreads modern values and institutions, dependency theorists maintain that Western colonialism and economic imperialism themselves initially turned Africa, Asia and Latin America into sources of cheap labour, food and raw materials for the colonial powers.

iii) Underdevelopment and dependency is not the TWCs' fault but rather the result of foreign domination and exploitation. Hence, TWCs' backwardness is due to exploitative and unequal relationships that exist between the TWCs and the developed countries. Consequently, the underdevelopment of the TWCs is as a result of the dependence on the developed countries who exploit them and their resources for selfish development of the developed countries.

iv) They recommend that if these unequal and exploitative relationship continue, TWCs will remain backward except they severe the link either by delinking or breaking away the relationship with the advanced countries.

A major proponent of the dependency theory is Andre Gunder Frank through his popular notion of the development of underdevelopment. His popular work on this subject is titled: *Capitalism and Underdevelopment of Latin America* published in 1969.

He employed the concept of *Satellite-Metropole* for his analysis. He saw the countries as the satellites and he continually serve as engine of development for the advanced countries which he referred to as metropole. He saw development and underdevelopment as two sides of the same coin. By siphoning surplus from the TWCs, the advanced capitalist countries had enriched themselves.

The Satellite-Metropole model for explanation are linked in such a way that the development of the centre leads to corresponding underdevelopment of the periphery. Paul Baran, in his work, *The Political Economy of Growth* (1957) argued that the modernising elites who were supposed to be the catalyst for modernisation were not helping the situation because they were allies of the bourgeoisie of the Advanced Capitalist Countries (ACCs) helping to exploit their homeland.

SELF-ASSESSMENT EXERCISE

Briefly discuss the basic postulations of the dependency theory.

4.0 CONCLUSION

In the light of the above, we can conclude this unit by stating that the questions about the causes and nature of underdevelopment and dependency of the Third World Countries elicit very different responses from social scientists. Hence, two competing paradigms have provided explanation to the origin, causes and nature of Third World underdevelopment and dependency. While, modernisation which emerged in the U.S.A. blamed TWCs' backwardness on traditional values, dependency on the other hand, condemn Western exploitation as the root cause of TWCs underdevelopment and are particularly popular among Latin American and African scholars. However, it must be noted that despite their divergent views, both modernisation and dependency agree that there exists enormous inequality in the global economy and both suggests that changes are required to redress the inequality between the TWCs and the ACCs. But the nature of changes varies.

5.0 SUMMARY

In this unit, effort has been made to trace the origin and emergence of the two competing and often contradicting theoretical paradigms that attempt to provide explanations to the nature and causes of underdevelopment of Third World Countries. While Modernisation theory which emerged from European and American Scholars, argued that the causes of TWC backwardness is essentially internally induced arising from their culture, behaviour, attitudes and institutions that are incompatible to development, the dependency theory explains global inequality and poverty crisis of the TWCs from the perspectives of the historical exploitation of poor societies by the rich from the period of slavery through colonialism, and neo- colonialism.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the contributions of modernisation school to the underdevelopment and dependency crisis of the Third World Countries.
2. Explain the postulation of the dependency theory to the dependency crisis of the Third World Countries.
3. Identify and discuss the circumstances that gave rise to the emergence of the modernisation theory.

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UNIT 4 CRITIQUE OF THE THEORETICAL EXPLANATIONS

CONTENTS

1.0 INTRODUCTION

Theoretically we attempted in the preceding unit to explain the inequality between and among nations in the international economic system within the capitalist system of production and social relations of production. These theoretical explanations are found in the various works covering different paradigms from classical modernisation to the radical underdevelopment and dependency theory to explore the phenomenon of global inequality. This unit is intended to do a critique of these theories in order to ascertain their relevance in understanding and explaining causes of underdevelopment and dependency of contemporary Third World countries.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the critique of the modernisation school
- discuss the critique of the dependency school
- explain the relevance of these theories in understanding contemporary crisis of underdevelopment and dependency of the Third World countries.

3.0 MAIN CONTENT

3.1 Critique of the Modernisation Theory

The modernisation theory has been criticised on certain ground. To start with, Offiong (1980:49), The European American scholars do not explain Africa's underdevelopment because they all belong to the mainstream of European- American sociology which has carefully avoided the issue of dependency and colonial imperialism critical factors in Africa or Third World countries' development.

In other words, Offiong (1980:50) added that:
Development far from being an original or natural condition of the poor societies is a condition imposed by the international expansion of capitalism and its inalienable partner, imperialism.

Modernisation is also criticised for its pro-western bias by neo-classical Marxist and dependency theorists among others, advancing that traditional societies were often destroyed without gaining promised advantages leading to the replacement of traditional poverty by a more modern forms of misery.

Modernisation theory was criticised to be essentially ahistorical. The diverse experience of the countries of the TWCs was aggregated in terms of a notion of traditional society and these countries failed to exhibit the traits of modern societies. The model of the modern was the model of the U.SA. In this way, the historical experience of the countries of the TW was both denied and assimilated to the historical experience of the developed West.

Modernisation is also accused of being unidirectional in its assumption of change and development. That is- for TWCs to develop there is just one path to follow, the path of America. Critics asked why it is necessary for the TWCs to follow this path to development. Modernisations seem to have ignored the fact that TWCs have the option to select an alternative path to development as South Korea, Taiwan and other Asian countries. This shows that the TWCs have alternative path to development outside the path of Europe and America.

They are also Eurocentric and racist in outlook. For instance, nearly all the modernisation scholars were either Americans or Europeans. They were born and raised in the western tradition. As such, they believe that their cultural values are natural, God ordained and superior to every other.

Having looked at the general critiques of the modernisation theory, it is imperative to look at W.W. Rostow which is apparently the most popular and influential scholars of the modernisation school. However, it is instructive to identify some of the key theoretical traits which Rostow arguably shares with others.

i. *The theory is evolutionist*: that is-he sees socio-economic change as unfolding through a fixed set of stages.

ii. *Is also unilinear*. All Third World Countries must pass through the same route in the same order to develop. There are no leaps, shortcuts, choices and alternative routes.
iii. *It is internalist.* That is, outside or external influences do not play any role in the Third World Countries underdevelopment crisis.
iv. *The theory is recapitulationist*. That is the presently underdeveloped countries today have to follow precisely the same basic path as did the now developed countries in their day.

According to Frank, author of a major critique of the modernisation school and Rostow's theory in particular, argues that three criteria for assessing any theory in social sciences are: empirical validity, theoretical adequacy and policy effectiveness. Put in another way, does the theory fits the facts? Does it make sense? And is it any use? Rostow, as Frank (1969) argues is found wanting in all. He further pointed out that a number of countries in Latin America and elsewhere never had a traditional stage at all, yet seems locked into underdevelopment.

Rostow's theory, more than anything else, was faulted for not having any usefulness or help for policy purposes. Gunder Frank also stressed that, Rostow's theory attributes a history to the developed countries but denies no history to the underdeveloped countries. Rostow neglects the past of the underdeveloped countries but confidently predicts a future for them.

Finally, modernisation was criticised to be too optimistic. That the western countries had developed through this model, what makes them think that the TWCs would develop if they follow the same model or path of development.

SELF-ASSESSMENT EXERCISE

Briefly discuss the critique of the modernisation theory of underdevelopment.

3.2 Critique of the Dependency Theory

As Rodney (1972) contends, under colonialism, the things that developed were dependency and underdevelopment. The central claim of the dependency theory was that the circumstances of the Third World countries were to a large extent shaped by the global structures within which they found themselves in particular, the dominance of the west. However, before looking at the critiques of the dependency theory, it is necessary to give a summary of the theoretical explanations which the proponents share together:

i. The importance of considering both the historical experience of peripheral (Third World countries) and the places of their involvement within wider encompassing systems;
ii. The necessity of identifying specific political, economic and cultural linkages of centres and peripheries;
iii. The requirement of active State involvement in the pursuit of development.

Andre Gunder Frank is seen as the leading proponent of the dependency school. His key term, the development of the underdevelopment can be seen as the radical counterparts of Rostow's take-off stage. He argued that the development of the satellites is limited simply because they are satellites. Development along metropolitan lines is precisely not possible for satellites given their subordinate position in the international division of labour.

Using the same three indices as yardstick for assessment, Frank is also found wanting empirically. His view that no real development at all is possible under capitalism is far from real. It is difficult to identify his metropole-satellites with any actual sociological entity; rather, they are mix of geographical and social. There are also policy problems. His delinking from the Western world capitalist system is still problematic.

Dependency theory also ignored the internal factors that may play critical role either to facilitate development or distort the processes of development. For example, values, leadership, discipline, corruption, etc. constitute these internal obstacles that can ruin the process of development. Dependency ignored the possibility of cultural resistance as well as the right of a tribal society to reject or accept change and innovations, as this diffused into the TWCs. Dependency suffers from serious failings. Just as early modernisation scholars over emphasised the internal causes of underdevelopment, dependency theorists erroneously attributed virtually all of the TWCs problems to external economic factors.

The most systematic critique of dependency is that of Cardoso, who argues that their theories are based on five interconnected erroneous theses concerning capitalist development in Latin America. These are:
i. that capitalist development in Latin America is impossible;
ii. that dependent capitalism is based on the extensive exploitation of labour and tied to the necessity of underpaying labour;
iii. that local bourgeoisie no longer exist as an active social force;
iv. that penetration by multinational firms leads local states to pursue an expansionist policy that is typically sub imperialist; and,
v. that the political path of the sub-continent is at the crossroads with the only conceivable options being socialism or fascism.

Palmer (1974:39) had observed that:
If one agrees with Cardoso(1976:1) that the standard that one has to use to assess the analytical adequacy, the interpretative and predictive capacity and the creative strength of new explanatory believes in the social sciences is the sensitivity with which they detect new social process and the precision with which they are able to explain mechanisms of social reproduction and modes of social transformation, one should agree that the dependency analyses which have attempted to construct a formal theory of underdevelopment are of relatively low standard; they have been unable to meet these requirements in their study of the economic development and political domination of the peripheral nations.

Finally, dependency emphasised the importance of economic forces especially international forces at the expense both of politics and of the cultural and historical peculiarities with in nations. Its preoccupation with class as an analytical category underplayed the importance of indigenous or hybrid social institutions. It was useful in analysing small countries which depended heavily on the export of one or two primary commodities, but it was less adequate at assessing larger, more complex political economies. It neither anticipated nor explained the rising of newly industrialising countries on the periphery of the international economic system and the re-emergence of liberal political regimes in places like India after the emergency and Brazil, Uruguay, Argentina and Chile in the 1980s. In other words, continuing using dependency theory to analyze the underdevelopment of Nigeria as a third world would amount to reductionist or/and of pertinent internal factors that have hindered development in contemporary Nigeria.

Thus, the dependency analysis as could be best described as a theory which it emergence was epoch based. As such, a decade after independence of Nigeria and most African countries from colonialism exploitation, it would amount to conceptual confusion to solely attributes the development crisis of Nigeria (for instance) to the exploitative nature and character of the slavery and colonialism. In other words, dependency theory provides historical understanding to the underdevelopment of third world countries, but the current developmental quagmires of Nigeria for instance cannot only be attributed to those historical forces. This is the angle in which the relevance the dependency theory in contemporary Nigeria development crisis is been emphasized. Particularly, Joshua Agbo has counteracted Walter Rodney's thesis of 'How Europe underdeveloped Africa' with an anti-thesis,' How Africa underdeveloped Africa. Thus, this new vestal of knowledge is antithetical to the intellectual metaphors of the dependency theory.

SELF-ASSESSMENT EXERCISE

i. Briefly attempt a critique of the dependency theory of underdevelopment.
ii. Joshua Agbo’s book title *How Africa underdeveloped Africa* is an anti-thesis of the dependency theory. Discuss

3.3 Empirical Example to Justify the Contemporary Relevance of Dependency Theory

The essence of this section is to ascertain the relevance of the theoretical explanations of the dependency theory to the causes of underdevelopment of the Third World Countries using some empirical examples. As against the postulations of the dependency who portrayed the Third World Countries as a helpless pawns with no way out of their poverty and underdevelopment, East Asia’s economic development miracle most notably in South Korea, Taiwan, Hong Kong and Singapore has confounded dependency theory. These countries have linked themselves very closely to the developed world through trade, credit, investment and technology transfers. Contrary to what even the more sophisticated dependency scholars had predicted, however, they achieved spectacular economic growth coupled with comparatively equitable income distribution. Countries like Singapore and Taiwan now have standard of living approaching or even matching those of the advanced world.

Furthermore, the recent blow to the dependency theory is India; Asia’s second largest nation has become one of the fastest growing economies by opening its doors to foreign trade and investment. Contemporarily, China’s phenomenal development, often referred to as second industrial revolution arising from their export oriented development strategy cannot be ignored. However, Warren (1973) has observed that since 1960 and the rapid increase in foreign investment, per capita economic growth in third world countries has been drastically reduced. He further added that even the growth paragon of Brazil sustained in the 1970 a foreign debt of 5.2 billion, with debt interest payments alone eating away one third of that country’s foreign exchange earnings. Even Fernando Henrique Cardoso, one of the foremost dependency scholars later embraced foreign investment, trade and technology transfer for Brazil in his role as the country’s former Minister and later its president. Today, Brazil is among the Newly Industrialised Countries (NICs).

To this end, the theoretical weakness of dependency analyses particularly, when confronted with the economic dynamism of South and East Asia, has contributed to a reassessment of the role of the State in development. Principal among such reassessments was the so-called neo-

Weberian paradigm associated with the work of the American political sociologist Skocpol. Drawing historical inspiration from Weber and Hintze, the neo-Weberians sought to re-emphasise the role of agency in the social sciences, and in particular the role of autonomous States. In attempting to avoid reiterating realist and neorealist conceptualisations of the State, Skocpol *et al*. sought to stress the role of State elites within an insulated bureaucracy, particularly in the success story of the NIES of the South. Thus, while the success story of the NIEs has refuted the major assumptions of the underdevelopment and dependency theories against the backdrop of the underdevelopment of the South, the role of the State in economic development has been clearly demonstrated as fundamental by virtue of the miracle story of NISs of Asia. Thus, the present crisis of development in Nigeria is a product of leadership failure of the Nigerian State. The past cannot be undone but the future can be amended. Therefore, continue blaming the West for been responsible for our economic woe is an attempt to prolong the crisis of development.

SELF-ASSESSMENT EXERCISE

With relevant empirical examples, discuss the relevance of the dependency school to understanding contemporary development crisis of the Third World Countries.

4.0 CONCLUSION

Today, few observers and analysts would accept either modernisation or dependency theory in its entirety, particularly not in their original postulations and formulations. Indeed, the diverse nature and processes of political and socio-economic development of the TWCs are too complex to be explained by a single or universal theory. This does not mean that the insights offered by the dependency and modernisation are not useful. It is important to note that our current understanding of development draws on the strengths of both theoretical paradigms while recognising their limitations.

5.0 SUMMARY

In this unit attempt was made to provide the relevance of the dependency theory, based on empirical examples to understanding contemporary development crisis of the Third World countries. The two broad competing paradigms or models of theoretical understanding that seek to explain why some countries are poor and the other are rich have been examined with their critiques highlighted in other to ascertain their relevance in contemporary development crisis of the Third World Countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Attempt a critique of the modernisation theory of underdevelopment.
2. The dependency theory has lost its relevance as a theoretical framework to the understanding of the contemporary crisis of development of the Third World Countries. Discuss.
3. Compare and contrast the modernization theory and dependency theory as theoretical frameworks in the understanding third world development crisis.

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UNIT 5 GROWTH THEORY OF DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

This unit is designed to teach students the assumptions and the relevance of the Growth theory of development and underdevelopment. Students would at the end of the unit critique the theory using it assumptions and the political, economic and social realities of third world countries.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- state the basic assumptions of the Growth Theory of development and underdevelopment
- discuss whether the Growth Theory of development and underdevelopment is eurocentric and neo-liberal and could explain the development of Nigeria and other third world countries.

3.0 MAIN CONTENT

3.1 Understanding the Growth Theory of Development

This theory measures development of a society in terms of Gross Domestic Product (GDP). Any country that wants to develop should focus on policies and programmes that would increase it GDP. The theory emphasis on the importance of savings and investment and the concentration of wealth in the hands of few individuals for investment which would later have triple down on the masses in terms of wealth creation. It advocates for trade off or sacrifices to pay by the masses for them to enjoy the pay off at the long run. The tradeoff are:
(i) The needs trade off
(ii) The equality trade off
(iii) The liberty trade off

The needs trade off believes that people should forget about the basic needs temporary, for there is need for investment to reduce expenditure. The people should reduce expenditure on food; cloths, shelter, etc. but to laid much emphasis on investment. This school of thought believes that for a country to develop people must be compelled to save towards investment. The neo-liberalists believe that Nigeria and other third world countries are underdeveloped because of the absence of trade off culture by government and the people. This notion suggests why the International Monetary Fund (IMF) packaged the Structural Adjustment Programme (SAP) to Nigeria and other third world countries in the 1980s. The conditionality attached to the same loan exemplified all the tradeoffs.

The equality trade off believe that state seeking development should adopt policies that would entrench inequality in their society. This theoretical ideological premise advocates for the concentration of national wealth in few hands while the vast masses would endure to enjoy the payoff thereafter. To the theorists, inequality in a society enhances development by concentrating wealth in the hands of few capitalists. The theory holds that a state seeking development has to constrain liberty of its citizens for the purpose of achieving development at the long run. In a nutshell, the theory emphasises on the savings, productive activities, concentration of resources in a few hands, unequal distribution off national wealth and there is need for the poor to endure the pains of the tradeoff for a while (Ochoga,2012).

4.0 CONCLUSION

A critical examination of this theory of development shows that it is one thing for the masses to endure the trade off, and it is another thing entirely for the wealth in the hands of the few capitalists to triple down on the masses. The SAP circumstance in Nigeria has reputed the hypothesis of the growth theory.

5.0 SUMMARY

The proponents of the Growth theory of development equate growth with development. A country may record economic growth without economic development. The neo-liberal notion of development does not in any way a panacea to the underdevelopment quagmires of the Third World countries. Growth has to do with increment in GDP, GNP and National Income and other macro-economic induces. But development addresses poverty, inequality, unemployment, etc.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the basic assumptions of the Growth Theory of development
2. The Growth Theory of development is too eurocentric and neo-liberal to explain development of Nigeria and other third world countries. Discuss.

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MODULE 2 THE EMERGENCE AND DEVELOPMENT OF CAPITALISM AND IMPERIALISM

INTRODUCTION

This module is basically designed to enable students to understand the emergence and development of capitalism and imperialism in the international system. At the end of the module, students will be able to know how capitalism emerged from simple production and to monopoly production. The module will equally expose students' to the theories of imperialism and particularly that of V.I Lenin's theory of imperialism. The last part of the module focuses on capitalism, imperialism and contemporary Third World dependency and development crisis globalisation as an international system.

UNIT 1 EMERGENCE OF CAPITALISM FROM SIMPLE PRODUCTION- EXPANDED PRODUCTION AND TO MONOPOLY PRODUCTION

CONTENTS

1.0 INTRODUCTION

Every hitherto existing society has seen five successive modes of production: *Primitive/communal, Slave owning, Feudalism, Capitalist* and *Communist*. But in this unit, we are concerned with the capitalist mode of production. Capitalism today differs fundamentally from all previous economic system because production is carried on in large units employing hundreds or thousands of workers. The capitalist mode of production unquestionably generated a momentous long run expansion from simple production through commodity to monopoly production, with expansion of productivity and economic output at the centre but without a corresponding expansion at the periphery or the Third World countries.

This unit shall attempt to explore the emergence of capitalist mode of production and its expansion from simple production, through commodity production to monopoly production.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain how capitalist mode of production emerged and developed from commodity production-expanded production to monopoly production.
- identify the basic features of capitalist mode of production
- describe the main stimulus of capitalist mode of production.

3.0 MAIN CONTENT

3.1 Emergence of Capitalist Mode of Production

An understanding of capitalism must begin with an understanding of how there came into being, on the one hand, the propertied class owning the means of production-the capitalist class; and, on the other hand, the property less class, free and yet compelled by necessity to sell its labour power to the capitalist class. With the development of feudal society, trade and commerce grew. During the eleventh and twelfth centuries there was a great expansion of trade, mainly maritime trade from country to country, which stimulated the growth of rich trading centres and commerce. The development of commerce and merchant’s capital, write Marx cited in Brown (1984:46) brings forth everywhere the tendency towards production of exchange values, increases its volumes, multiplies and monopolises it, develops money into world money. Capitalist production at first developed slowly within the feudal society.

Its early forms were restricted and encumbered by the old order; once, however, capitalism had won its political and therewith economic freedom, it revealed with startling speed the dreamed –of forces of production that lay hidden in social labour. Merchants and well to do craftsmen, in their eagerness for more plentiful and cheaper supplies of goods to sell than they could obtain from the urban guilds turned their attention to production from new sources.

Following the phase of slavery or slave mode of production, the new synthesis of production (Feudalism) was reached, and the owners of land became the new dictators. Under feudalism, production was organised in a peasant agriculture basis; the ruling classes were those who owned land. These comprised the feudal lords and the kings who were the heads of government of the country, was also the most important feudal landowners. Political power was again in the hands of the economic dictators, this time the feudal landowners. With the development of the factory system, the small village handicrafts became factories so that the small factory owners became the new controllers of the means of production thereby paving way for the development of capitalist mode of production. The transition from the feudal mode of production takes two roads. The producer becomes a merchant and capitalist, in contradistinction from agricultural natural economy and the guild circle handicrafts of medieval town industry.

The capitalist mode of production is a social mode of production of material benefits, based on private capitalist ownership of means of production and the exploitation of wage labour. The capitalist mode of production according to Karl Marx refers to:
Social mode of production under which the process of production is subordinated to capital that is which is founded on the relationship between capital and hired labour.

The main economic law and the stimulus of the capitalist mode of production is the creation of surplus value by the workers and its appropriation by the capitalists. The capitalist mode of production was not governed by the satisfaction of human needs but by the drive to extract surplus value from a class of wage labourers, to realise this surplus value by finding a market for the commodities in which it was embodied and to capitalise this surplus value in new means of production. However, it is also more progressive than other modes of production as it ensured the higher level of development of societies' productive forces, radically raised the productivity of social labour completed the socialisation of production and labour on a higher scale, sharply increased the volume of production.

The main contradiction of the capitalist mode of production is between the social character of production and the primitive capitalist form of appropriation. With the development of capitalism, the degree of exploitation of the working class increases all the contradiction of the capitalist mode of production and the class struggle intensifies and becomes even fiercer. With the transition of capitalism to the highest and last stage of its development- imperialism, the contradictions of the capitalist mode of production deepen and become particularly acute.

The capitalist mode of production has two main features:-

i. The means of production are unevenly distributed;
ii. The second major characteristic of capitalist mode of production is commodity production. It gives capitalist society some of the characteristics of a market. The capitalist mode of production in which capital has penetrated and taken over production. That means, production is geared for sale and this becomes commodity production.

Marx in Kapital (Volume1) distinguished capitalist mode of production by stating that:

i. It produces its products as commodity. The fact that it produces commodities does not differentiate it from other modes of production, but rather the fact that being a commodity is the dominant and determining characteristics of its production in the relation between the entire characters of the mode of production.
ii. The production of surplus value as the direct aim and determining motive of production.

In Africa, capitalism found it root through imperialism that was shrouded in the garment of colonialism. The colonial authorities used the instrumentalities of colonial rule to create conducive political and economic environment for capitalist mode of production to strive intheir colonies. Prominent merchandise from the metropol used the leverage of colonialism to achieve their imperialistic tendency in the colonies, Nigeria inclusive.

SELF-ASSESSMENT EXERCISE

i. Describe the emergence of capitalist mode of production.
ii. Capitalism in Nigeria is shrouded in colonialism. Discuss.

3.2 Commodity Production

In capitalist mode of production, the production of commodities is predominant because production is essentially for sale and ultimately for profit. The production of commodity as a system of social relations in which individual producers create diverse products and in which all these products are equated to one another in the process of exchange. At a certain stage in the development of commodity production, money becomes transformed into capital. The formula for commodity circulation is C-M-C where
C- Commodity

M- Money
C- Commodity

What this implies is that, the sale of commodity is for the purpose of buying another. The production of output under the commodity production is for exchange through sale and purchase. It exists owning to the social dimension of labour. In commodity economy, goods are produced by independent and isolated manufacturers. Commodity production appears in the period of disintegration of the primitive communal system and establishment of slave owning system.

There are basically two types of commodity production.

i. *Simple Commodity Production*. This is based on private ownership of the means of production by petty commodity producers based on their personal labour; while,
ii. *Capitalist or extended commodity production*. This is based on private ownership by capitalist and characterised by exploitation of wage labour.

Under simple commodity production, it is only the product of human labour that serves as the goods, while under capitalism; man's labour power also becomes a commodity. The capitalist or extended commodity production is universal and dominant because it involves large production controlled and concentrated in the hands of the capitalist.

Simple commodity production as an economic system exists in pre socialist formation and also in the period of transition from capitalist to socialism. Craftsmen and peasants were the typical representative of simple commodity production. Under the extended commodity production, expansion of production, the surplus value which the capitalist gets by investing his capital is itself a potential source of additional surplus value, that is- if he uses it as capital. Once it is seen that way, accumulation of capital generally pre-supposes the expansion of production, and it becomes clear how the drive for maximum surplus value leads to the expansion of production. The drive for maximum surplus value also leads to the expansion of production because it is done in a context in which capitalists are competing among themselves for market. To compete effectively, capitalist try to expand production.

As production expands, the organic composition of capital increases, that is, that share of capital which goes into material output such as machinery increases. As the organic composition of capital increases, the rate of accumulation of surplus value tends to be reduced. Long before the appearance of capitalism on the scene of history, production for exchange and trade, for the market, developed and existed alongside the production for use in ancient slave society and feudal society. This development for exchange and the market was a necessary precondition for the development of capitalism; capitalism could not have developed if commodity exchange had not developed first. Moreover, the growth of trade aided the rise of capitalism by breaking down the old social relationships and creating new class division both in the villages and in the handicraft guilds in the towns.

3.3 Monopoly Capitalism

Monopoly capitalism is used to indicate the passage of capitalism from its earlier stage of more or less free competition to one in which giant firms, trusts and cartels dominate the market. The expansion of production tends to go hand in hand with a rising organic composition of capital. Increase in the organic composition of capital in turn goes hand in hand with the concentration of capital, that is, with monopoly in production. As a branch of production becomes more mechanised, it becomes difficult for new entrepreneur to enter that branch of production because of the cost of investing in machines to remain competitive with those who are already in the line of production. It is because of such factors that a rising organic composition of capital leads to monopolistic capitalism -a form of capitalism in which the economy is dominated by a few large enterprises who controls the market and make it extremely difficult for new entrepreneurs to break into their line of production.

The principal distinctive feature of this stage of capitalism is the dominance of monopoly capital in the economy, politics and ideology. Monopolisation of capital may be as a result of the rising organic composition of capital and also by competition among capitalists. When competition reduces the number of enterprises to a few large ones, these few large ones will tend to cooperate to reduce competition among themselves by fixing prices and driving the market. Such arrangement will offer a better prospect of maximising surplus value than the continuation of unrestricted competition.

Finally, free enterprise capitalism developed into imperialism at the turn of the century. However, the main stimulus of capitalist production is still the pursuit of profit with the monopoly deriving monopoly surplus profit. But replacement of free enterprises by monopoly domination does not eliminate competitive struggle but simply makes it more involved and destructive.

4.0 CONCLUSION

This unit concludes that the capitalist mode of production has been dominant in the western world since the breakup of feudalism. Fundamental to the capitalist mode of production is the relations between private owners of the means of production (the Capitalists) and the proletariats, whose labour is commoditised or offered for sale. Under the capitalist mode of production, decisions concerning production are made by private business owners (capitalists) operating for private profits.

Capitalism emerged with expansion in simple production to expanded commodity production and finally monopoly production. This means that the capitalist mode of production evolved from the state of mercantilism where merchants built sufficient capital and engaged in competitive production. Historically therefore, the emergence of capitalism began with mercantilism- imperialism- free trade imperialism and the monopoly stage which is the third stage which Lenin's imperialism is conventionally identified with, that is, the monopoly level of imperialism.

5.0 SUMMARY

In this unit, effort has been made to describe the capitalist mode of production and trace its emergence from simple production to expanded commodity production and finally monopoly production. You have also learnt the characteristics of the capitalist mode of production and identified surplus profit as the main stimulus of capitalist mode of production.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe the emergence and development of capitalist mode of production.
2. Identify and discuss the characteristics of monopoly capitalism.
3. Explain the relationships among simple commodity, extended commodity and monopoly capitalist production.

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UNIT 2 THEORIES OF IMPERIALISM

CONTENTS

1.0 INTRODUCTION

The experience of western imperialism, particularly colonisation to date, remains the most decisive event in the history of the Third World countries. The Transplanting of Capitalism from Western Europe to Third World countries was accomplished through colonising imperialism. In the previous unit, attempt was made to review theoretical explanations to the causes of TWC backwardness and dependency. It was stated that TWCs' underdevelopment and dependency is a function of imperialism. This theory of imperialism takes as a point of departure two of the most glaring facts about this world: the tremendous inequality, within and between nations, in almost all aspects of human living conditions, including the power to decide over those living conditions and the resistance of this inequality to change.

This unit will therefore examine the meaning and theories of imperialism as it relates to the dependency of the TWCs.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain the meaning of imperialism
- discuss the different theories that explain imperialism.

3.0 MAIN CONTENT

3.1 What is Imperialism

Imperialism is the highest of capitalism. In other words, capitalism transcended into imperialism. Babatola et al (2012) describes imperialism as a political and economic ideology of Western Europe in the 19th and

20th centuries employed to justify the economic and political activities of the western nations across their borders. Thus, the concept of imperialism is closely related to the concepts of capitalism and colonialism. In fact it can be said to be an off shoot of these concepts. The industrial revolution which heralded the capitalist economic system gave rise to increased production of goods, the replacement of humans with machines in the production process and the need for more raw materials, which incidentally engendered imperialism (Hussain, 2004; Salami 2009).

The implication of this was that the non-industrialised countries constantly exported raw materials at cheaper rates to the industrialised countries, while they purchased from the latter manufactured goods at exorbitant prices. However after the Second World War, Multi-National Corporations (MNCs), generally acclaimed to be the main vehicle of imperialism, particularly after the Cold War emerged, undertaking the production of goods and services in the industrialised countries. These MNCs, though they engender growth due to their large size in terms of capital, labor and infrastructure, display monopolistic tendencies, dominating whatever sector they find themselves in. The implication of this is that indigenous firms might be pushed out of the sector, and even infant industries intimidated. They are also being accused of damaging the environment, corruption, human rights abuses, over-invoicing and capital flight (Ozoigbo and Chukuezi, 2011; Osuagwu and Ezie, 2013).
In other words, they are replicating what the industrialized countries did during the colonial era which is exploitation of less industrialized countries and transferring profit to their home countries, thereby developing their home countries at the expense of the host countries. According to Sutcliffe (1999:139), imperialism is "essentially the idea that the world contains an undesirable hierarchy of nations in which some oppress or exploit others, or strive to do so". The first wave of imperialism as described by him occurred between 1890 and 1917, when force was applied in the expansionist activities of Europe as well as the struggle for domination between its major powers.

The second wave views imperialism as collective domination of Third world countries by a few industrialised countries, as well as the gap between developed and underdeveloped countries. Tucker (1999:1) describes imperialism as "a process whereby the lives of some peoples, their plans, their hopes, their imaginations, are shaped by others who frequently share neither their lifestyles, nor their hopes, nor their values". V.I Lenin illuminated the concept and philosophy of imperialism, situating it within the context of economic process. According to him:
…*The relation of interdependence between two or more economies and between these and world trade assumes the form of dependence when some countries (the dominant) can expand and give impulse to their own development, while other countries (the dependent) can only develop as*

a reflection of this expansion. This can have positive and or negative effects on their immediate development. In all cases, the basic situation of dependence leads to a global situation in dependent countries that situates them in backwardness and under the exploitation of the dominant countries. The dominant countries have a technological, commercial, capital resources and social-political predominance over dependent countries (with predominance of some of these aspects in various historical moments). This permits them to impose conditions of exploitation and extract part of the domestically produced surplus... (Lenin, 1965).

According to Lenin, imperialism hinges the economy of a less developed country to a more developed country, such that the growth of the former is dependent on the latter. This indicates that acts such as colonialism are imperialist in nature. Kegley (2007:12) views imperialism as "international imposition of one's state power over another, traditionally through territorial conquest, but more recently through economic domination". Gartzke and Rohner (2011) argue that the end of World War 2 marked the end of the custom of territorial expansion- however; institutions and economies of the new nations are created to manage the legacies of colonial rule, which makes them highly dependent. Economides and Wilson (2001:49) examined the concepts of 'formal and informal' imperialism. According to them, the former refers to the "acquisition of and direct control over specific territories, while the latter denotes less explicit, even covert, control, influence or domination". Informal imperialism does not tamper with the country's formal sovereignty or constitutional independence, but covers a particular sphere of influence - Forinstance, an economically powerful state influencing greatly, the economic policies of a weaker state.

Gillis *et al* (1983) view imperialism as barriers placed by advanced countries on the path of progress of poor countries. They argue that the drain of surplus from the developing countries is not the only problem, but also the misuse of the surplus in these countries. In other words, developing countries should be left to supply raw materials as "industrial growth within the developing country would be harmful to both goals, since local industry products will compete with imports and would also bid for local raw materials" (Gillis et al, 1983:32). They also recognise the presence of "commercial capitalists in the developing countries that align with foreign investors because "they make their living from existing pattern of trade and do not want competition from newer patterns" (Gillis et al, 1983:32). The impetus for imperialism according to Karl Marx (1970) is capital accumulation via the creation of surplus value, driven by the need to profiteer. The surplus value demands a market and source of raw materials, hence the imperialist activities.

The nature of imperialism is as profound as its history is chequered. But imperialism cannot be comprehended as a general phenomenon, but only in relation to the stages of development of societies. This is the basic reason why the past, present and future of Third World Countries and the industrialised countries cannot be fully understood without the proper understanding of the role of imperialism in their history. This relation encompasses the processes of the expansion of capital, inequality, domination and exploitation which are fundamental variables of imperialism. Based on the foregoing conceptualization, the notion of imperialism is shrouded in controversy as diverse interpretations have been given to it. According to Ake (1981:20):
Imperialism refers to the economic control and exploitation of foreign lands arising from the necessity for counteracting the impediments to the accumulation of capital engendered by the internal contradictions of the domestic capitalist economy.

It can also be seen as the outward drive of certain peoples, to build empire both formal colonies and privileged positions in markets, protected sources of raw materials and extended opportunities for profitable employment of labour. It has also been associated with an unequal economic relationship between states, not simply the inequality of large and small, rich and poor trading partners but inequality of political and economic dependence of the latter on the former. Imperialism, according to Offiong (1980:65) refers to:

The economic subordination or domination of one country or a group of countries by another for the main purpose of formal or informal control of domestic economic resources for the benefit of the subordinating power and at the expense of the local people and their economy.

To James O’Connor (1970:101) Imperialism refers to the expansion of political power by one state over another. He further added that this has been a principal feature in all human relation. Hobson (1902) conceived colonialism as the reflection of the unfulfilled promise of liberal democracy. He further added that inequalities in wealth and income distribution in Britain had weakened the consumption power of the British working class, and this in turn rendered it impossible for producers to utilise fully their industrial capacity. Lacking in domestic investment outlets, British capitalists turned their attention to the economically under exploited region of the world. Britain then established colonies as archives for their surplus capital. Imperialism is also conceived of as a dominance relation between nations. It is a sophisticated type of dominance relation which cuts across nations. According to Galtung (1973), imperialism is a relation between a *centre* and a *periphery* nation so that:

i. there is harmony of interest between the centre in the centre nation and the centre in the periphery nation;
ii. there is more disharmony of interest within the periphery nation than within the centre nations; and
iii. there is disharmony of interest between the periphery in the centre nation and the periphery in the periphery nation.

SELF-ASSESSMENT EXERCISE

What is the notion of imperialism?

3.2 Theories and Phases of Imperialism

There is a general agreement in associating imperialism with economic, political, cultural and territorial expansion. However, there is much controversy arising from the meaning of Imperialism but despite the controversy, James O'Connor (1971) has discerned and identified three general doctrines that will help us understand the theories of imperialism. The first theory is predicated on the assumption that there is no relationship between capitalism and imperialism. This school is represented by Joseph Schumpeter, who contended that imperialism is a heritage of the autocratic state and would never have emerged by the inner logic of capitalism. The inner logic of capitalism is nothing more or less than free trade and where there is free trade, no class interest in forcible expansion and as such, goods of every nation can move in foreign countries as freely as though those countries were politically their own. Hence, he concluded that nations struggle for power for the sake of power alone and not informed by other economic considerations.

Schumpeter sees imperialism mainly as atavism characterised by an aggressive expansionism which has no objective beyond itself, and its non rational. Far from being the cause of imperialism, capitalism is antithetical to imperialism. He was criticised on the ground that his postulation cannot be useful analytically as he was not able to disassociate imperialism from capitalism.

i. The second doctrine states that monopoly capitalism, colonialism and Imperialism are fundamentally the same phenomena. This position is often seen as neo-Marxist represented by J.A. Hobson.

Hobson (1902) put forward some psychological motives for the explanation of imperialism. National pride, quest for glory and bellicosity but said there are not major cause. He argues that the major dominant motive for imperialism was the quest for market as well as opportunities for higher returns on investments. The need for this quest arises, he added, partly because, as a result of the development of capitalism in the

West, Industry was more productive and needed greater imports of raw materials, more food for the urban population growing in response to industrialisation; and products to meet the rising demands for luxury goods created by a rising standards of living. There was a need therefore for those who own capital to persuade the state to aid them in securing new markets by the establishment of protectorates, colonies and spheres of influence. This was the option that led to imperialism.

Hobson, who was the first to attempt a theory of imperialism, argues that inequalities in wealth and income distribution in Britain had weakened the consumption power of the British working class people, and this in turn rendered it impossible for producers to utilise fully their industrial capability. Lacking in domestic investment outlets, British capitalists turned their attention to the economically under exploited regions of the World. He concluded that imperialism is really the vehicle of the growing cosmopolitanism of capital. He rejects imperialism as the inevitable and integral aspect of industrial progress.

ii. The third doctrine sees imperialism essentially as a necessary outcome of capitalism. This postulation is contained in Marx theory of capitalism which contains an implicit theory of imperialism. To him, the capitalist cannot survive and remain competitive without progressive accumulation or the continuous reproduction of this capital on a continually expanding scale. This therefore suggests a relationship between capitalism and imperialism. Marx shows that capitalism is inherently expansionary and that the contradiction of capitalist accumulation will tend to transport capitalism to economically backward countries of the Third World.

Lenin further developed and popularised it that the primary reason for capital expansion was the immense increase in the supply of Capital in the metropolitan countries, especially Britain. It is imperative to note therefore that, anyone looking for the origin of the theory of underdevelopment must begin his search in the writings of Marx and Lenin. Marx took a keen interest in the effects of British capitalism in India, China and Ireland; and Lenin not only wrote a detailed study of the development of capitalism in Russia down to 1899, but also formulated a general theory of imperialism.

Four phases of imperialism have been identified with respect to their productive forces, property relations and dominant ideologies. These phases are rooted in the different stages in the development of world capitalism.

i. **Mercantilist Imperialism**. This was anchored to the feudal mode of production and based on feudal merchant capital in Western Europe, until about the middle of the 18th century. Essentially, it involved the enslavement, colonisation and plunder of underdeveloped states and expropriation of European peasants. It also rested on unequal trade between Western Europe and underdeveloped states.

ii. **Free Trade Imperialism**. Free trade imperialism emerged after the Industrial Revolution in Britain in the epoch of industrial capitalism. The dominant motive was to raise the profitability of mass production through cheaper sources of raw materials and food, as well as lucrative markets for manufactured goods. This required free trade for greater exploitation. Adam Smith and David Ricardo provided the ideological and intellectual rationalisation for it. This era lasted until about the 1870s.

iii. **Monopoly or Corporate capitalism**. Monopoly or corporate capitalism was based on finance capital. The merger of bank and finance capital coincided with the centralisation and concentration of enormous capital in a few hands, requiring capital export, monopoly combines, multi-national corporations and the division of the uncolonised world.

iv. **Multilateral imperialism**. This also refers to contemporary phase of imperialism. It is marked by U.S.A. hegemony in the effort to deal with the worsening of capitalist contradiction after the World War II. This new imperialist strategy has involved the dissolution of bilateral colonial markets under an open door policy requiring the re-division of the world since the U.S. was excluded in the earlier partition.

4.0 CONCLUSION

In conclusion, from the variegated and theoretical explanations given above, imperialism can be seen according to the Dictionary of politics as the practice by a country of acquiring and administering colonies and dependencies after it has achieved national unity and embarked upon commercial or industrial expansion. Generally, imperialism can be used to denote the economic domination of one country by another.

5.0 SUMMARY

In this unit, attempt was made to provide various definitions as presented by scholars and the theories of imperialism were also highlighted. Though there are different meanings of imperialism, it can be said that it generally refers to the expansion of capital for appropriation of surplus from the periphery. It is an all-embracing relations between stronger countries and weaker and underdeveloped ones.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe the concept of Imperialism.
2. Identify and describe different theories of Imperialism.
3. Mention and discuss the various phases of imperialist capitalist system.

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UNIT 3 LENIN'S THEORY OF IMPERIALISM: THE HIGHEST STAGE OF CAPITALISM

CONTENTS

1.0 INTRODUCTION

Central to Lenin's theory of imperialism is the analysis of the process of material production and thus, the analysis of the state capitalism is the Marxist materialist critique of political economy. The analysis of the state contradiction of accumulation of capital, more specific to the analysis of the state in peripheral capitalism is the Marxist theory of imperialism provided by V.I. Lenin's analysis of the monopoly stage of capitalism. The Marxist theory of imperialism derives not directly from Lenin application of Marx methods to a study of the economic and political development which brought about the First World War in his famous work, Imperialism: The Highest Stage of Capitalism. While other Marxist of his generation made important contribution to the theory, it is undoubtedly to Lenin's work that the supporters and critics must alike turn if they wish to understand the nature of the Marxist theory.

V.I. Lenin provided a comprehensive scientific analysis of imperialism in his work: *Imperialism: The Highest Stage of Capitalism* published in 1917. Lenin's theory of Imperialism was the greatest contribution of Marxism to the development and expansion of capitalism on a global scale. In this unit effort shall be made to describe the contribution of Lenin's theory of imperialism to the crisis of development of the third world countries. In doing that, it shall identify and describe the basic characteristics of Lenin's theory of Imperialism and its relevance to understanding the development crisis of the third world countries.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- describe Lenin's theory of Imperialism
- identify the basic characteristics of Lenin's theory of imperialism
- explain the relevance and contribution of Lenin's theory to Third World development crisis.

3.0 MAIN CONTENT

3.1 Lenin's Theory of Imperialism

In his 1916 pamphlet, Lenin offers both an analysis of the world's predicament at the time and a call for further action. He outlines the development of monopoly stage of capitalism and the domination of the world's leading countries by finance capital. In order to escape declining rates of profit at home, capitalists invest abroad with the support of their governments. As more and more land is seized by imperial powers, economic and military competition between the capitalist nation states escalates.

Lenin argues that imperialism grows out of the logic of the capitalist system but goes beyond Marx to specifically state that imperialism symbolises a particular stage in the development of capitalism. It reflects a transitional stage of capitalism to a higher economic order, a transitional stage extended by the displacement of capitalist monopoly. According to him, the economic foundation of imperialism is monopoly.

This monopoly which has grown out of capitalism exists in the general environment of capitalism, commodity production and competition. The monopoly stage of capitalism is also a stage in which the accumulation of capital has reached in gigantic proportions where super abundance of capital is created. Capital exists side by side with the poverty of the masses in third world countries. The primary reason for capital expansion was the immense increase in the supply of capital in the metropolitan countries especially Britain. The tendency of the rate of profit to fall has resulted in the surplus of capital and capital exploitation and monopolistic industry. Imperialism, to Lenin, is not a new mode of production but a stage in the development of capitalism.

Lenin combined the dominant tendencies in capitalism observable in a number of countries into a composite picture of monopoly capitalism. Lenin stressed that monopoly capitalism was a necessary outgrowth of from the old style competitive capitalism, that it took over in a very uneven way and produced new antagonism and contradictions. He associated these new forms capitalism, arising within the nation state, with the division of the world into empires and spheres of economic influence and hence with the international rivalries and tensions which had produced the World War I. He thus drew together the principal economic and political trends of the period in order to define the nature of the epoch of imperialism.

In Lenin's treaties on imperialism, the highest stage of capitalism, he identified five characteristics in this stage in the development of capitalism. It must be stated that in doing this, Lenin derived inspiration from Karl Marx's work such as *Das Kapita* Volume 1. He based his argument on three aspects which are:-

i. *The problem of realisation*: This problem has to do with how the capitalist would maximise his profit within a fixed national boundary. When the capitalist produces goods within a fixed national boundary, he is bound to face a problem of consumption because there would be surplus goods within the national boundary. The solution is to seek market outside its boundary.
ii. *The tendency of the rate of profit to fall*. This implies that in the process of production, there is tendency that the organic composition of capital which is made up of technical/variable capital to be affected. The tendency is that the technical composition of capital increases in inverse proportion to variable capital. In other words, in order to increase his profits, the capitalist looks for more efficient ways of production which is technology but the more technology in production, the less labour is expected in production- meaning workers would be laid off. This will directly affect the consumption of the goods produced. The capital faces this dilemma up till today and in order to avert the tendency of the rate of profit to fall, the capitalist looks for external markets.
iii. *The process of concentration and centralisation*. The process had taken place in the process of industrial production in the 19th century where monopolists squeeze out competition and those who are eliminated seek for alternative market.

These three aspects explain the development in capitalist production as fundamentally responsible for capital outward expansion from national boundaries to other parts of the world. It is these that informed Lenin's theory of imperialism.

3.2 Characteristics of Lenin's Theory of Imperialism

In his studies of the imperialist stage of capitalism, Lenin singled out its five basic economic features. These are:

ii. *Concentration of production and capital*. Here, there is high concentration and centralisation of production and capital to a high stage to the extent that it has produced monopolies which play the decisive role in the economy of the world.

iii. *The fusion/merging of banking capital and industrial capital*. And the creation, on the basis of this financial capital to form financial oligarchy. While there is room for different interruptions of the relationship between industry and the banks, and for discussions about where control really lies-this can only be settled by empirical enquiry-dominant role of a recognisable financial oligarchy can hardly be questioned.

iv. *The export of capital.* This is distinguished from the export of commodities acquires exceptional importance and dominance. Here again, the role of export of capital from the U.S.A in particular has been fundamental importance in the development of capitalism in recent decades.

v. *The formation of international capitalist monopolies.* Which shared the world economy among the strong economic power of the world bringing about cartels, syndicates, etc.

vi. *Territorial division of the world.* This was completed by the creased capitalist power on a global scale. The climax of this was the Berlin Conference of 1884-85, where the territorial division of the world among the major capitalist powers was completed.

All these features have remained valid today as they were 100 years ago. The major feature of the last quarter of the 19th century was the growth and consolidation of transnational corporations whose roots lie in Europe and America. It was the intense competition for access to and controls over sources of raw materials, sources of markets for finished goods and cheap labour that led to the formal colonisation of most countries in Africa, Asia, Latin America and the Middle East often referred to as the third world countries.

In the light of the above, if it were possible to give the briefest possible definition of imperialism, we should have to say that imperialism is the monopoly stage of capitalism. Such a definition, according to Lake and Frieden (1995:112) would include what is most important on the one hand, finance capital in the bank capital of the few big monopolist banks, merged with the capital of the monopolist combines of manufacturers; and, on the other hand, the division of the world is the transition from a colonial policy which has extended without hindrance to territories unoccupied by any capitalist power, to a colonial policy of the monopolistic possession of the territories of the world which have been completely divided up.

SELF-ASSESSMENT EXERCISE

Briefly identify and describe the basic features of Lenin's theory of Imperialism

3.3 Relevance of Lenin's Theory of Imperialism to Third World Development

Lenin's theory of imperialism has made us to understand that imperialism has not accepted the loss of its political domination in the third world countries but is trying to continue to exploit these countries through neo-colonialism and dependency, controlling their economics and politics.
Lenin's theory of imperialism helps to provide basic understanding of the basic features of modern capitalism and its profound contradictions and exposes the methods used by the imperialists to retain their domination.

In addition to the above, what is important to us is that Lenin's theory of imperialism emphasises the inevitability of capitalist development taking place worldwide. He (Lenin) has advanced that it is the export of capital that will lead to the development of capitalism worldwide. Therefore, the outward expansion of capital from metropolitan centres to backward social formations should lead to capitalist development in these capital recipient countries. But this inevitability of capitalist development is called into question by the fact that peripheral socioeconomic formations remain backward and underdeveloped. Thus, imperialism heightens all the contradictions of capitalism to the extreme. Finally, the major classical theorists on imperialism including Lenin agree that the impetus for imperialism comes from economic interests. That imperialism is related to the process of capitalist accumulation but they differ on the precise nature of relationship between capitalist accumulation and imperialism.

Lenin is concerned more with effects rather than with causes and with the lessons which the socialist movement had to draw from the passage of capitalism into the monopoly state. According to him, imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general.

Within the Marxist tradition, it is Lenin's work that we find the first systematic attempt to provide a concrete analysis of the development of capitalism in a backward nation. In his analysis, he formulated with simplicity what would be the core of the dependency analysis. This is the form of articulation between the two parts of a single mode of production and the subordination of one mode of production to the other.

We are poised to ask is there under capitalism any means of remedying the disparity from the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence by finance capital on the other side- other than resorting to war. This is the essence of Lenin's pamphlet on imperialism which attempt to provide answer to this question.

Finally, it can be noted that as long as imperialism exists, the human race cannot be certain of its future. This is because, imperialism has not changed its essence and what Lenin called parasitic and decaying capitalism has taken a lot longer time to die than he expected, not because of its inherent strength but as a result or consequence of the crisis of leadership in the socialist movement.

4.0 CONCLUSION

From the foregoing, we can conclude this unit by stating that imperialism according to V.I. Lenin is not a new mode of production but a stage in the development of capitalism, as such it is imperative to note that imperialism has not lost its important feature of capitalist nature. Underlying imperialism are the general foundations of the capitalist mode of production before.

In the meanwhile, the antagonisms, contradictions and unevenness of development which Lenin stressed as inseparable from the epoch of imperialism have manifested themselves to the full up till today. The significance of Lenin's contribution lies in his ability to bring together all the contradictory features of advanced capitalism under a single head. He found the term imperialism at hand to fuel his purpose and it is difficult to see how he could have invented a better one. Finally, it can be noted that as long as imperialism exists, the human race cannot be certain of its future.

5.0 SUMMARY

In this unit, effort has been made to explain Lenin's theory of imperialism as the last stage in the development and expansion of capitalism. The unit also highlights the basic characteristics of Lenin's theory of imperialism and its relevance to the third world countries' development crisis.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by Lenin's theory of imperialism?
2. Identify and describe the five basic characteristics of Lenin's theory of imperialism.

3. Explain the relevance of Lenin's theory of imperialism to Third World countries' development crisis.

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UNIT 4 GLOBALISATION AS AN INTERNATIONAL SYSTEM

CONTENTS

1.0 INTRODUCTION

In the last unit, the operation of globalisation as a phenomenon is rooted in the imperialism and deregulation and others. Thus, the key concepts in this work are clarified in this section. This is necessary to avoid ambiguities and misconceptions that usually trail the use of certain concepts. This unit shall attempt to explore and discuss globalisation as it affects third world countries.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain the notion of globalisation (how it is the off-shore of capitalism and imperialism)
- discuss globalisation as global capitalism and its contradictions for Third World Countries
- state the tools of Globalisation
- discuss the consequences of globalisation on Third World Countries.

3.0 MAIN CONTENT

3.1 The Notion of Globalisation

If imperialism is the highest stage of capitalism, then imperialism has transcended into globalisation. The notion of globalisation now takes prominence in the international economic system. Globalisation is a word, a concept or a phenomenon, which either rallies public support or evokes opposition or protests-sometimes-violent protests. It creeps up in virtually every discourse-be it political, economic, social and cultural no wonder, Globalisation according to Akinboyo (2003:8) is the process of shifting autonomies economies into the global market or the systematic integration of autonomies economies into global system of production and distribution. This invariably involves an efficient and dynamic financial sector that it necessary for the facilitation of intermediation and exchange of goods and services. Sala-I-Martin, (2002a, 2002b) made it clear that globalisation has emerged over the last two decades and it either increase or reduce within country poverty. To him, globalisation is a multi-faceted process characterised by a wave of privatisation, reform and financial market both domestically and internationally, taxation system and liberalisation of labour market.

According to Jacob (2007:8), globalisation is the “creation of a united global market and global division of labour in international arena”. On his part, Khor (2000:11) argues that globalisation is the “breaking down of national economic barriers, the growing power of transportation and the international spread of trade”. While Kwanshie (1999:2) argues globalisation is an increased integration of national economies with the rest of the world to create a more coherent global economy. Thus, the propelling forces of globalisation such as liberalisation, financial markets, technologies as well as movement of labour have accelerated the expansion of economic activities globally and share increase in the movement of tangible and intangible goods across national and regional boundaries. Ochoga (2012:34) sum up that, globalisation is the systematic integration of national economies into the world capitalist system through the removal of all forms of encumbrances for easy flow of goods and services across national borders, where the developed countries of the North use all manners of economic strategies to exploit and subjugate countries in the south for perpetual domination.

3.2 Globalisation as Global Capitalism: The Contradictions for Third World Countries

From this pint we wish to consider globalisation from a structuralist perspective that is to contemporary system of global capitalism. This global economy is structured: there is the ‘core’ North and there is the peripheral South. What accounts for this the distribution of power in system between the North and the South. The North enjoys structural in the system. This structural power is defined by Bello (2004:1) as ‘a system of global economic governance’ whose functions is the ‘maintenance of the hegemony of the system global capitalism and promotion of the state and economic interests that mainly benefits from it.’ Soederberg (2004:7-8), also defines structural power as ‘the power to shape and determine the structures of the global political economy within which other states, then political institutions, and their economic enterprises have to operate.'

This power is essentially economic, but is also needs the political power of coercive; in the 'core alliance' coercion is achieved mainly through the G-7 and other summits over alliance members (Soederberg, 2004). This is by making them adhere to agreements undertaken by them or imposed by the USA, as it were. This makes it easier for the North to propagate neo-liberal policies of trade and trade in service deregulation like the case of the Nigeria's telecommunication sector. This ideological stance is now sold to the world, but particularly the South, as 'common sense' or universal standard'.

This second task of coercion is directly at the South. The South is required to adopt neo-liberal policies as such liberalization, etc. Thus, by different kinds of designs of institutional arrangement, the North tries to achieve 'a class-based' strategy targeted at recreating existing power relations in the global political economy mostly notably transnational financial capitals and the United States by ensure that both public and private sector in the South comply with neo-liberal rules of free capital mobility (Soederberg, 2004:2). At this point the policy connection comes clear. Persuaded by the need to access international capital markets the South elites (Nigeria inclusive) adopt policies, often prescribed by the International Financial Institutions (IFIs) which ensure they meet neo-liberal standards.

This means such South states must open up themselves to international capitals to come in and leave as they want, without controls. In other words, adopting neo-liberal policies such as privatization, liberalisation, deregulation etc was the basic requirements for Nigerian and other countries in the South can access loans or grants from North. This singular consensus notion was what necessary propelled Nigeria to quickly liberalise the telecommunication sector upon the return of the country to democratic rule in 1999 (Ochoga, 2012:43). This premise accounts for Nigeria's liberalisation of the sector to allow foreign capitals to flow into the telecommunication sector. Broadly speaking, therefore, what now obtains in the international political economy, or the current international capitalist, might be likened to Robert Cok's idea of historical structure, where 'ideas and pressures give rise to institution.' Globalisation is one such historical structure which places the global North especially the USA, on top, with the rest of us, the South, subordinated.

The Nigerian Telecommunication Act, 2000 is indeed a public policy enacted to achieve certain ends and Ochoga (2012:27) has argued that the imperialists (now the global capital owners) often induce Nigerian leaders to uses public policy in order to implements certain interest of the foreign capitalists. In Nigeria, the manipulation of public policy serves the ends of accumulation, not just for the local elite, but also for the international capital. The arguments of the international political economy sketched above provide grounds for our main assumption that globalisation has not only caused poverty in Nigeria, but has exacerbated poverty in the country. This is because 'the upshot of this neo-liberals orthodoxy has not only been increased poverty, dependence and vulnerability in the developing world but also the concentration and centralisation of the wealth in the G-7 countries ' (Soederberg,2004:181) and their close allies in developing countries. Thus, the above submission has been the position of most scholars of third world extraction against globalisation generally.

3.3 Tools of Globalisation

Globalisation is a multidimensional process of unprecedented rapid and revolutionary in the extensiveness and intensity of interconnection on a truly global scale. This global scale has some inherent social forces which unleashes and accelerate the onward penetration to make it an unstoppable phenomenon across the world. Therefore, it was against this background that we, attempt to examine the tools responsible for the rapid spread and penetration of the wind of globalisation and as well as the agencies that enhance the forces worldwide.

(i) Trade

Trade has always been a major force of economic integration. Opening up of new markets have always been a moving force in global expansion of the world economy. This is why contradictions were engendered in the capitalist system in the Western Europe and competitive capitalism became monopoly capitalism, the capitalist had to look for markets outside Europe. This led to imperialism and later colonialism. That is why Ake (1991:52) argues that, in the early years of colonialism, trade was the vehicle for extending capitalism into the colony. It helped to create consumerist orientations; while stimulate the growth of a money market and capitalist financial institution, extending the scope of the money economy.

Any discussion of globalisation that excludes the roles of the International Monetary Fund (IMF), World Bank and World Trade Organization (WTO) will be a reductionism. Since the primary goals of globalisation is the issue of global capital and trade liberalisation. In this direction, the WTO has played crucial role in the enthronement of trade liberalisation.

More fundamentally, one dynamic and fundamental force in contemporary globalisation process is economic liberalisation, which has been embraced by virtually all countries and major international institutions within the global system. Economic liberalisation refers to the process of achieving unobstructed economic activities. It seeks to remove all obstacles to trade, production to trade, production and investment; emphasises freedom of economic activities and dominance of private enterprises, and aims ultimately at the state from the economy (Onyekpe, 2001). At the global level, economic labialisations attempts to make all economic fully open for free inter-penetration and inter-state access.

Issues relating to the forces or economic liberalisation are generally more complicated than and not as obvious as in technology. The developed countries order the auspices of industrialized (G8) countries that work intimately with the world financial (IMF, World Bank) and trade (WTO) institutions, and pursue a broad and ambitious agenda that attempt to build international capitalism on the foundation of open world trade and capital flows, privatization, balanced budget, freeing up of exchange controls and similar deregulation and liberalisation measures (Usman, 1999).

For instance, the Asian-Tigers who had gone through economic liberalisation process, achieved unprecedented growth in their fragile economics. The countries in addition to economic liberalisation have used other policy interments to expand Foreign Direct Investment (FDI) and attain higher economic growth. These includes developing a strong production bases, opening up of new investment areas, as well as designing and implementing sound macro-economic policies. They have also created conducive climate and stable political and economic environment to attract foreign investments. These policy measures have enhanced the expansion of the countries, and led to their rapid growth and development. Other groups of countries that have achieved momentous feat as a result of economic liberalisation include the transition economics of the Eastern Europeans as well as the Latin American countries. Also included are the African States, most of which suffered tremendously from extreme poverty and lack of policy focus (Akinboye, 2008). Thus, it is obvious that economic liberalisation is now a common venture in contemporary economic relations.

Globalisation has rapidly quickened with world trade rising nearly as fast as world GDP characterised by financial market liberalisation and accelerated by private flows via the activities of the Brotton Woods Institutions particularly the IMF. The IMF guarantee exchange-rate stability and as well as providing short-term loans for member states confronted by temporary balance-of —payments difficulties in international capital mobility has emerged as a potentially strategies force in integrating national economic. It is proper to say that the rapid growth of international transactions and capital flows as one of the single most propounds outcomes of globalisation.

Another area in which trade liberalisation as a tool of globalisation as worked in Nigeria is seen in the deepening effort towards salvaging the worsening situation culminated into the 1986 Structural Adjustment Programme (SAP). This aimed at the restoration, in the medium term of healthier path of national economic development. A key course of action of SAP towards realization of the new-liberal policy intention was to reform public enterprises so as to lessen the dominance of unproductive investments in the economy, improve their efficiency and intensify the growth of potentials of the private sector through the removal of all forms of encumbrances on trade and investment.

(ii) Information Technology

The fact that the world is currently experiencing phenomenal changes in social, political, economic and technological spheres cannot be disputed. One fundamental instrument for this increasing transformation is technology, especially computer. Technology and the evolution of low cost, global communications system which constituted major challenges that will dominate and fundamentally shape developments in the 21 century, particularly in the economic and financial sectors. (Usman, 1999). The revolution in computer technology, has led to advancement of information technology, which has in turn enhanced the level of information transmission and business transaction across the global system. Indeed the revolution change that have occurred in computer technology since the better part of the 20th century have brought about tremendous improvement in all of human Endeavour.

Today, the use of computer has increasingly become quit common place in pure scientific research, the social sciences especially in managerial decisions. The significance of the strong force of technology can best be illustrated by references to the financial system (Usman, 1999). Globalisation and information technology have thrown up formidable challenges for national economics, especially the financial system, by reducing the world further into a global village, and as well by providing environment information through a wide range of inter- connectivity. The inter-connectivity (network) of computers has given rise to the development of internet, which constitutes the largest reservoir of all types of informa

As in most developing countries, the Nigerian economy until recently witnessed a growing involvement of the state in economic activities the expansion of state-owned enterprises into diverse economic activities was viewed as an important strategy for fostering rapid economic growth and development. Adoful (2008:196) maintains that Nigeria is probably the only country in the world that carried out a hybrid programme of privatisation and deregulation simultaneously. The telecommunication industry in Nigeria witnessed the deregulation of telecommunication services in 1992 through the promulgation of Nigerian communication commission (NCC) Degree No 75 of 1992, introducing private participation in the provision of telecommunication services ending the state owned Nigeria telecommunication services (NITEL) Monopoly of the sector and using in competition. Out of curiosity the progenitors of economic globalisation, the new National Telecommunication policy was born in 2000 which gave birth to the ICT revolution in Nigeria. As agued by Winston (1993) ICT enhance the expansion of globalisation through competitive market environment and instantaneous sharing of market information as well as the use of technology in production and trade services. Be that as it is, the JCT as tool of globalisation has immensely connected Nigerian economy with the global economy.

3.4 Consequences of Globalisation on Third World Countries

Globalisation leaves African and other third world economies in a way weak competitive position owing to:

a) Lack of required degree of sophistication on the part of the managers of emerging financial markets to match those of their counterparts in the developed countries.
b) Inferior levels of technological development as computerisation; and poor infrastructural facilities for banking (financial) operation compared to what obtains in the industrialised economies and even in the emerging or transitional financial markets in developing Asian and Latin American countries (Lamido,2009).

Another consequence relates to the vitality of financial markets while raises the problem of the stability of the financial system in general and capital flight in particular. Since across border financial flows tend to be more volatile than domestic flows especially equity flows, such flows strengthen the risk of financial crisis. Foreign Direct Investment, for instance cannot be relied upon let medium term balance of payment support because it tends to give high profit repatriation payment well as causes high distortions on the host country’s economy which form related activates (Soludo,2007). The changing roles of World market, reflected to slow growth of world trade in commodities and higher growth and manufactures and Nigeria in particular given her greater dependence on export of primary commodities and mineral products. Low income electricity of demand (Engel’s Law) for primary commodities (mainly food) and the deciding intensity of raw materials used in manufacturing production processes explain the decline in the share of commodities trade in world total trade (Crockett, 2001).

From the views of the scholars above, we can submit that globalisation is not harmful itself, but its operations pose challenges to some countries. One of the fundamental consequences of globalisation on developing nations like Nigeria is basically dependent economy. Hence globalisation emphasises on removal of encumbrances for free flow of import, export serves and foreign direct investment. By implication, the presence of foreign goods and Multinational Corporation in most cases leads to the collapse of domestic industries hence such industries lack the fund and technology to compete favourably with the foreign counterpart. This by implication, the government lose control of the economy and on the other hand, it affect negatively on the GDP since the country's import exceed export and by logical extension its causes domestic currency devaluation, unemployment and poverty.

4.0 CONCLUSION

The arguments advanced in this unit have revealed that globalisation and all that accompanied it is not something to be accepted without question. It is something to be embraced with wisdom and reservations. A leper may be embraced, but only with caution. And from all indications, globalisation is associated with some risks and costs, and may have adverse indications for international economic stability and poverty reduction. This notwithstanding, it also has its own potential benefits. But for a developing nation like Nigeria, he risks and costs association with globalisation seems to outweigh its potential benefits.

5.0 SUMMARY

This unit has attempted to explain global reach of capitalism or globalisation is not so new: it is at least five hundred years old. As an international economy system, it has not been able to achieve equity. This has been the main arguments of the neo-Marxists, whether dependency theorists such as Andre Gunder Frank, or structuralists like Johan Galtung and Immanuel Wallenstein. Apart from blaming the national or educated elite of the Third World for what the unfair economic system does to their countries, even these writers have not put proper perspective the place of public policy in those countries. This work assumes that the poor economic experiences of the Third World countries results from the kind policies their leaders adopt as a result of being dependent or structurally tied to the metropoles of the world.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the metamorphosis of capitalism to imperialism and to globalisation in contemporary international economic system.
2. Explain the tools of globalization.

3. Discuss the consequences of globalization.

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UNIT 5 THE RELATIONSHIP BETWEEN DEVELOPMENT AND UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

This unit is designed to teach students the relationship between politics and development and other underdevelopment on the other hand. The essence is to establish the centrality and novelty of politics in the development of the third world countries. The ability of State leadership to formulate policies and programmes determines the level of development of the productive forces. This is the contemporary international economic system is shrouded in power complexity.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain why is politics of development crucial in the understanding of development and underdevelopment of Nigeria and other third world countries
- justify that the development of the productive forces is essential to the understanding of development and underdevelopment of Nigeria and other third world countries.

3.0 MAIN CONTENT

3.1 Politics of Development and Underdevelopment

There are many conceptualisation of the notion of development, as there are scholars who have attempted to analyse politics of development. Taking from David Easton, he sees politics as the authoritative allocation of value. Value is scare commodities and that is why people compete in order to obtain them and thus there is crisis or conflict of interest even at the international level. The most important aspect of society it gives rise to conflict and determine the nature and character any society’s material well-being or economic interest. Politics in this context deals with conflicting interest in order to have social order to allocate scare resources is central to politics of development. Political leadership of any state must take of the development processes of their countries or else sustainable development would remain an illusion or/and a mirage.

It is clear that those who succeed in power in most third world countries do so or are sponsored to protect foreign interest, mostly outside the policies and decision taken tend to reflect their interest at the detriment of their country's development**.** This analogy explains the linkage between politics and development in third world countries. The history of a political class determines the nature and character of the development of the country. This notion is has expression in the policy and ideological orientation of the national government especially at the level of policy formulation and implementation stage. The nature and character of the state leadership and it class composition explain the development of the state. The history of Nigeria and the nature of it classes for instance, is the bane of the country's development.

The productive forces determine development. Claude Ake says', capitalism has failed due to low level of the development of productive forces in Africa. ' This notion can be explained in third world situation. The low level of productive force is a function of African history back to colonialism which had negative impact on development. Colonialism led to the exploitation of African raw-material which today has far reaching effects on Africa and other third world economies (Ochoga, 2012). Due to the low level of economic development, political struggle became intense and violent and it relegated the culture of development to the background. This is because asses to scare resources can be attained by the acquisition of political power (Ochoga, 2012). The more the productive forces are underdeveloped, the easier the exploitation by the capitalist countries.

The mode of production comprises means of production and the social relations of production. The social relations of production comes as the relationship people or/and countries enter into in the course of production of material existence at epoch. It is the relationship that gave rise to the legal and political structure, that the social contradiction. It is a relationship that defines the ownership of the means of production and the non-owner. The social relations of production cannot be left out of scientific analysis. The key issues are how and where are the goods consumed in third world countries produced? Who appropriate or monopolize the surplus value? These issues that are crucial in the study of third world and dependency.

4.0 CONCLUSION

The productive force is central to the understanding of the notion of third world and development. The productive force is major determinant of development. The Nigeria and other third world countries many countries continue to depend on the developed of the west if the political leadership did not use the instrument of the state to develop the productive forces.

5.0 SUMMARY

The unit has discussed the importance of politics in the development of any nation, and the nature and character of development in such a country. The unit has explained that the development challenges confronting third world countries is a result of politics of class interest which serves the interest of the developed countries at the determent of the development of the forces of Nigeria and other third world countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Why is politics of development crucial in the understanding of development and underdevelopment of Nigeria and the other third world countries? Discuss.
2. The development of the productive forces is essential to the understanding of development and underdevelopment of Nigeria and other third world countries. Discuss.

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MODULE 3 THE FORMS, NATURE AND STRUCTURE OF DEPENDENCY AND UNDERDEVELOPMENT

INTRODUCTION

This third module teaches students the forms, nature and structure of dependency and under development. The aim is to enable students to have full knowledge of the forms of dependence in contemporary international economic relations and as well as the externalities of the systems of dependence and underdevelopment. The last module discusses on the nature and character of the internal factors and mechanisms of underdevelopment. And the last part of the module exposes students to the paradox of globalisation and the Third World.

UNIT 1 FORMS OF DEPENDENCE

CONTENTS

1.0 INTRODUCTION

Decades of preoccupation with development in the Third World countries have yielded meager returns. African economies, for instance, have been stagnating or regressing. For most African, real income are lower than they were three decades ago, health prospect are poorer, malnourishment is widespread and infrastructure is breaking down as are some social institutions. African leaders, Ake (1981:9), argued that:

Now that independence had been won, the overriding task was development, without which political independence could not be consolidated and African countries would not be able to eradicate the humiliation of colonialism.

Dependency certainly has its consequences. A dependent nation has no control over its economy and in many cases governments. The ties between the rich and the poor countries have not been helpful. This unit is intended to investigate the development crisis in post independent Third World states and the forms of dependence it engenders.

The post-colonial economy does not necessarily mean an economy has been decolonized that is- no longer possesses the features of a colonial economy, but refers to an economy at a particular historical period after the winning of formal political independence. By contrasting the structures of Third World economies in their colonial and post-colonial phases, there is an implicit assumption that the winning of the political independence was a watershed in the history of Third World countries and that it was a change which could reasonably be expected to have had a major if not decisive impact on the future development of these countries.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- describe the development crises of the post independent TWCs
- explain the nature and forms of dependency of the Third World countries.

3.0 MAIN CONTENT

3.1 An Overview of Development Crisis

The United Nations General Assembly resolution 1710 (XVI) designated the 1960s as the United Nations Development Decade. The objective of the first development decade as cited in Offiong (1980:1) was to:

Accelerate progress towards self-sustaining growth of the economy of the individual nations and their social advancement so as to attain in each underdeveloped country a substantial increase in the rate of growth, with each country setting its own target, taking as the objective a minimum rate of growth of aggregate national income, of 5 per cent at the end of the decade.

At the time the UN Secretary General was writing the report stated above, the estimate of the growth rate of national incomes of all developing countries, together, was about 3 ½ per cent a year. The task therefore, for the Third World countries, was to raise the figure by about 1 ½ per cent within a few years and by another 1 ½ per cent to get it over 6 per cent per annum at the end of the decade. It was also observed that all the Third World countries have in their physical and human resources potential means for achieving a decent standard of living for their people.

The developmental crises plaguing Third World countries of Africa, Asia, Latin America, the Caribbean and the Middle East appears daunting. Even though many of those problems exist in industrialised nations, the scope and persistence of the Third World countries' political, economic and social challenges ultimately draw our attention. At various times during the 1970s and 1980s, most of these countries suffered from political and economic decay, and today many remain trapped on a political or economic treadmill. In the late 1990s, even the previously thriving economies of East Asia were plunged into a crisis from which some countries are yet to fully recover. In fact, for an extended time periods, many of these Third World countries have shown few or little signs of political and economic development.

The last part of the 20thCentury witnessed the decolonisation of Third World countries. It also marked the conspicuous failure of Third World countries to close the gap in living standards between TWCs and the advanced countries. Available statistics reveals that while this gap was more or less stable during the 1960s and 1970s and 1980s and 1990s. Between 1960 and 1980s, average income as per capita of GNP in the industrialised market economies fluctuated between 16-18 times more than the average level in the TWCs. By the 1990s, this ratio had risen to 22-23. Since the 1980s, the population in the TWCs has witnessed significant increase and in spite of slight increase income per head, a combination of income disparities, budget deficits, and debt burden combined to impoverish large sections of the population. The growing inequality between rich and poor nations can be found in the historicity of colonialism.

The continuation of this trend in spite of the conscious attempts to tackle poverty has been a global concern. Since 1950s, the industrialised economies, acting individually and multilaterally, through the World Bank and the International Monetary Fund (IMF) institutions have contributed or diverted significant resources to poverty alleviation programmes. The ultimate failure of this strategy in reducing the gap after some respites in the 1950s and 1960s raises fundamental question about the capacity of the present world economic order to bring about the mitigation of the growing inequalities. This steady and consistent decline can be summarised into phases in terms of the interaction between the TWCs and the advanced or developed countries.

3.2 Interaction between TWCs and Developed Countries and its Effects

The post war period is often characterised as the period of neocolonialism. This term is meant to designate the view that the formal, political independence, gained by almost all the former colonial territories, has not substantially modified the relations of domination and exploitation by the developed capitalist countries over the Third World. It implies that formal political independence has not significantly improved the prospects of independent industrialisation and development in the periphery.

The growing relationships between the TWCs and developed countries have produced results in different phases. These phases are:

i) Dashed Hopes of Take-off

The euphoria and the optimism of the initial post-independence phase when the prospect of achieving self-sustaining growth seemed plausible was blown apart in the early 1970s by the collapse of the primary commodity market. Against this background, the nationalism of independence which was reflected in large scale social provisioning and large outlays on public infrastructures came to an end in the wake of primary commodity prices collapse such as cocoa. Consequently, most TWCs faced the crisis of fiscal reproduction -meaning that, there was no sufficient income to fund development projects.

The state of economy, especially as regards national participation, the number of educated and skilled personnel, and the physical infrastructure at independence of most Third World countries has become an issue that calls for immediate attention.

ii) Decline into Debt Peonage (slavery)

In the 1980s, multilateral lending from the IMF and the World Bank accounted for 14 per cent of Africa’s debt. By 1993, it is closer to 25 per cent. Multilateral debt cannot be rescheduled and was preferred creditors; the Bank and Fund tend to get paid back first. This has meant that multilateral lending loom large in Africa’s debt servicing bill despite the concessional nature of some facilities. Multilateral debt servicing for some countries in Africa have become both a large and burdensome parts of their debt obligations.

The onslaught of global recession in the 1970s left many TWCs with so many external imbalances, particularly if those countries are dependent on petroleum income which price increased ten times since the Arab oil embargo of 1973. In a brief period, Western bankers were encouraged to loan TWCs in a belief that primary commodities price will increase just as oil. The resulting large scale of corrupt lending for mostly non viable projects and nonexistent projects came to an end with the Mexican crises of 1982 when Mexico declared insolvency. By this time, most TWCs had accrued debt which they could not service. In Africa for instance, the region's financial distress aggravated by stagnant export earnings as commodity prices continue to fall, which is seen in the ballooning of arrears on its debt payments.

For sub Saharan Africa, these are estimated to have jumped by 20 per cent in 1992, according to World Bank World debt table. Foreign debt has become a millstone on the neck of Third World countries particularly Africa. In sub Saharan Africa for instance, the debt is now equivalent to 60 per cent of the regions Gross Domestic Product (GDP) and constitutes a major obstacle to the resources of private investment. Debt, worsening terms of trade and negative capital flows present enormous difficulties to Africa's development prospects. Consequently, the most important challenge facing national economies of Third World countries particularly Africa is diversification. The dependence of most African countries on just a few export commodities defies common sense, since it leaves them vulnerable to unfavourable international market conditions and impels them to import a large proportion of consumer goods.

iii) Structural Adjustment Programme and Liberalisation

The 1970s witnessed the transformation of the Nigerian economy from one dependent on agriculture to one heavily dependent on oil. For instance, the share of agriculture in Gross Domestic Product (GDP) declined from about 40 per cent in early 1970s to about 25 per cent in 1980. By the latter year, oil contributed about 22 per cent of GDP, 81 per cent of Government revenue and 96 per cent of export earnings. The so-called oil boom of the 1970s brought about profound changes n the Nigerian economy. Efforts were made by the authorities during this period to use the relatively massive oil revenue in restructuring the economy and some progress were made in the areas of social and economic infrastructure. However, widespread distortion and imbalances in the economy emerged during this period. The increased intervention of government in the economy, which was fostered by the boom in revenues, resulted in a proliferation of parastatals and some public investments which were of doubtful design and viability and in retrospect beyond the executive capacity of the relevant government agencies. There was also a proliferation of manufacturing industries which were heavily dependent on imported inputs with very low local value added.

Finally, the heavy dependence of the country on oil and imported inputs rendered the economy highly vulnerable to external shocks. Consequently, with the collapse of the world oil market, Odife (1989:45) had observed that:

The restrictive exchange and trade control measures pursued over a period of about two decades in Nigeria failed to deal effectively with the fundamental economic and financial problems confronting the country… It is against this background of largely inappropriate and ineffective policies of the past and payment crisis generated by the collapse of oil prices in the early 1986 prices that the new administration mustered the political will to initiate the far=reaching measures under the SAP.

Faced with worsening structural deficits, poor countries were confronted with drastic measures to cut public spending in order to contain the growing arrears on debt service. At the same time, the International Financial Institutions (IFI) insisted on the removal of structural barriers to trade as conditionality, among others like, currency devaluation. The result was that most TWCs were progressively unable to protect their industries and subsidise domestic production in the face of external competition that benefited from superior economies of scale. Up to a decade of intensive structural adjustment has left low income countries still barely growing in per capita terms, and at rates that are inadequate for rapid poverty reduction. Adjustment has left much to be desired in terms of restoring growth and social welfare to Third World countries. Both exports and saving responded weakly in African and other low income Third World countries, that total investment fell on average, and with few exceptions, private investment remains generally at inadequate levels.

The net effect of this in the case of Nigeria was de-nationalisation of economic policies which translated into de-indigenisation. Other factors such as currency weakness and capital flight cumulatively led to regressive indices in public spreading and increased indebtedness. In the case of East Asia, it was able to subsidise their export driven industries, still then, the East Asian miracle was still affected by the financial crisis of the mid 1990s because their export economies were heavily dependent on the International Financial Institutions. The need to confront this challenge raised by the chronic failure to stimulate development in the Third World which initially was ignored by the developed countries has become a priority today. In spite of the hype about the emerging market in the Third World, the reality of civil breakdown in different parts of the Third World has begun to threaten the business interest of the advanced countries. Structural adjustment programme had an inadequate impacts on SubSaharan countries partly because, SAP may have been too ambitious and included too many conditions to ensure sustainability compared to other regions, there was also below average success in implementing SAP conditions in sub Saharan Africa, resulting to damage in credibility of the reforms and the investor uncertainty.

4.0 CONCLUSION

The low level of development in Third World countries, coupled with the worsening poverty and the collapse of the social fabric and in the worst case scenarios, the collapse of the state itself has been a subject of vast amount of policy and intellectual discourse. Given a broad overview of the structures and present conditions of the Third World, it is important to focus on the reforms and constitutional frameworks of independent and dependency.

5.0 SUMMARY

This unit has attempted an overview of the development crisis in the Third World countries, and how the interaction between the Third World and advanced countries has produced negative tendencies identified in its different phases.

6.0 TUTOR-MARKED ASSIGNMENT

1. Identify and discuss the forms and structure of dependency and underdevelopment of Third World countries.
2. Discuss the impact of structural adjustment programmes on any Third World country of your choice.
3. Explain the development crises of post independent Third World countries.

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UNIT 2 EXTERNALITIES OF THE SYSTEMS OF UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

The World Capitalist system as we have noted in the preceding unit, consists of the core, or the metropole and the periphery or satellites which together are known as the Third World. The Third world nations are dependent because they have relatively little or no control over their national economies. Economic activities in their respective countries are a mere reflection of what happens in the industrialised or advanced countries. This dependent relationship often involves a triple alliance among multinationals generally based in the industrialised nations of the West and Japan; the governments of the Third World countries and their local elites. These governments and elites have never hesitated to use the instruments of the state power at their disposal to aid the operations and profitability of the multinationals.

Neo-colonial dependence attributes the existence and continuation of Third World underdevelopment primarily to the historical evolution of a highly unequal international capitalist system of rich country- poor country relationships. Whether because rich nations are intentionally exploited or unintentionally neglected, the coexistence of rich and poor nations in an international system dominated by unequal power relations between the centre (advanced countries) and peripheral(Third World countries) renders attempts by poor nations to be self-reliant and independent difficult and sometimes, even impossible. Certain groups' in the Third World countries such as political elite, military elite, entrepreneurs, public officials who enjoy high incomes, social status and political power constitute a small elite ruling class whose principal interest, whether consciously or not, is in the perpetuation of the international capitalist system of inequality and conformity by which they are rewarded . Directly or indirectly, they serve and are rewarded by special interest or power groups including multi-national corporations, national bilateral aid agencies and multilateral assistance organisations like the IMF/WB, which are tied by the allegiance or funding to the wealthy capitalist countries.

This unit therefore, attempts to identify and describe the various forms of dependence and underdevelopment of the Third World countries.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- describe the nature of dependence of the Third World countries
- evaluate the various forms of dependence of the Third World countries.

3.0 MAIN CONTENT

3.1 Direct Economic Dependence

One of the most forceful statements on dependence was made by Dos Santos that:

Underdevelopment, far from constituting a state of backwardness prior to capitalism, is rather a consequence and a particular form of capitalist development dependence known as dependent capitalism… A relationship of interdependence between such economies and the world trading system becomes a dependent relationship when some countries can expand through self-impulsion while others, being in a dependent position, can only expand as a relation of the expansion of the dominant countries which may have positive or negative effects on their immediate development. In either case, the basic situation of dependence causes these countries to be both backward and exploited.

Different mechanisms are manipulated by people, which accentuate the situation of wealth for some and poverty for the rest. These mechanisms which are maneuvered directly or indirectly by the more developed countries, by the very functioning, favour the interests of the people manipulating them. But in the end, they suffocate or condition the economies of Third World countries to be perpetually dependent and underdeveloped. Some of the mechanisms for dependence are highlighted below.

Direct economic dependence refers to the situation in which the key sectors of the economy is controlled from outside by foreign monopoly capital. This is the most dominant form of dependence as it ensures direct exploitation of the underdeveloped countries. The systematic plundering, appropriation and expropriation of surplus produced by the labour force in Third World as well as the product of petty commodity producers. This form of dependency is a product of the colonial heritage. In this regards, after independence, their relationship assumes a neocolonial character. In most Third World countries, the post-colonial states are mere extension of the metropolitan states. The elites that control the states are more of an appendage to the metropolitan states. In most post-independence Third World states, especially in the immediate aftermath of political independence, the economic sector was firmly under the control of foreign multinationals essentially from the former colonial powers.

SELF-ASSESSMENT EXERCISE

Briefly explain what you understand by direct economic dependence.

3.2 Trade Dependence

The colonial economies of the Third World countries depended primarily on the metropolitan countries which colonised them for their external trade. This dependence reflected in the exploitative structural integration of the colonial economies to the capitalist system of the metropoles. Trade dependence is a logical outcome of direct economic dependence in that the colonial powers become the major trading partners of their former colonies. Similarly, the structure of dependence that was established since colonial incorporation persists up to date. Most Third World countries, particularly African Countries' trade in primary commodities which continued up till today. They still remain importers of finished and manufactured goods from the developed countries and export in raw materials which prices are subject to the vicissitudes and vagaries of international market prices controlled by the advanced countries. In trade, the old pattern of dependence largely remains the bulk of exports of most of the Third World countries particularly African countries that go to the former colonising powers and their Western allies for trading activities.
The consequence of the emphasis on export of primary products is that they are unable to feed themselves and it further inhibits development of economic diversity. The TWCs also lack diversification and this renders them quite vulnerable to such external shocks as fluctuations in world commodity prices and even climate change. There is also potential danger for TWCs to be further marginalised in the multilateral trading system should they fail to implement their World Trade Organisation (WTO) agreements effectively.

3.3 Financial Dependence

In the early days of colonisation, particularly in Africa, there was very little indigenous capital and development. The level of domestic savings was small because a single percentage or proportion of the wealth accruing to the indigenous colonial trade was spent on imports. Colonial capitalism, with its tendency to lapse into primitive accumulation left the indigenous population with little or nothing to accumulate wealth. All these led to the dependence on foreign capital while capital resources were so drastically limited, the need for them was very great especially in the infrastructural development to aid exploitation. The lack of domestic capital resources on the one hand, and the pressure for investment capital on the other hand, made Third World colonial economy to be highly dependent.

The ties of financial dependence are strongest in countries where the financial systems and by extension the monetary and credit policies are under the control of Multi-National Corporations (MNCs). This form of dependence is a direct consequence of direct economic dependence as a result of colonialism. In such a situation, the Credit policies pursued by the foreign owners of capital will determine which sector(s) of development are promoted. Logically, foreign financial institutions will not promote sectors that are in direct competition with their own business monopoly. Basically, the investment and industrial policy of foreign financial institutions promote the development of department too, that is-production in the capital goods sectors as against consumptive production.

Direct financial dependence was very obvious during the colonial period. However, after independence, a milder but a more enduring form of financial dependence is the one which ties the currency of the under developed countries foreign exchange. Dependence is also related to the structure of foreign trade, in the area of international trade as it is only logical that any country that buys or sells most of its export or imports in the traditional metropolitan market will be in a position of dependence in matter of foreign exchange. Once there is a close relationship between two countries then the charging in the foreign exchange position of the dominant countries will make themselves felt in the dependent.

Furthermore, an increasing important form of financial dependence are at the same time the principal means by which neo-colonial relations are maintained- through the loans and grants that are received either bilaterally or multilaterally. As a result of the inadequacy of internal accumulation, the narrowness of the domestic market and lack of domestic capital the unfavourable terms of trade and profit repatriation of foreign monopoly. The underdeveloped countries usually need substantial financial resources for financing their development projects, compensating for budget deficits and offsetting advance balance of payment deficit.

In the light of the foregoing, as long as Third World countries continue to face the problem of profit repatriation, narrowness of domestic market, high rate of deficit as a requirement of socio-economic challenges, they will continue to look for loans and grants with the attendant consequences of remaining perpetually dependent on the advanced capitalist countries.

3.4 Technical Dependence

This is one of the most critical forms of dependence of the colonial economy. Colonial Africa for instance depended on the capitalist West for virtually all her technology. This put the colonial economy in a position that can be described as a producer who has no instrument of labour. Such a producer is not only helpless but totally at the mercy of those who are in a position to give her the instrument of labour.

This structure of dependence refers to the dependence on intellectual imports either in their materialised form or in their live form, that iseither as importation of products and finished goods, patents or in terms of the reliance on technical expertise, import advisers, teachers, etc.

In the area of technological transfer, the dominance over products, licenses, patents and markets ensure that developing countries produce goods and the specifications and permission as stipulated by developed country. In many cases, industrial establishments are set up as compliments to industries of metropolitan countries. In this case, the management of these industrial firms is still in the hand of expatriates while indeed, the lack of autonomy in the production of knowledge ensures intellectual and cultural dependence. In some cases also, one of the strategies adopted by the Third World include import substitution industrialisation which depends on technological transfer. However, the success of this strategy depends on a lot of factors but most importantly the role of the state.

The argument about technical dependence has a number of strands, that the underdeveloped countries are forced to rely on western technology which is unsuited to their conditions in various ways especially through labour savings; that they cannot get access to western or advanced technology, except on prohibitive terms; and that the dynamism of the advanced capitalist economies plus their existing enormous technological lead is such as to keep them permanently ahead of the underdeveloped countries and thus, permanently dominating them. Technology has always been the basis of metropolitan monopoly. The underdeveloped areas have been unable to establish industries possessing at the same time the most complex and advanced technology. In that case, the basis of dependence today has shifted not to a new category, technology, but to a new more restricted group of capital goods industries.

4.0 CONCLUSION

The dawn of political independence also marked the beginning of neocolonial relations. After independence, post-colonial Third World countries embarked upon ambitious development programmes designed to raise the social, cultural, health and educational standards of the people. But this raising standard is in direct contradictions with the financial capacity of these states, therefore loans and grants were taken to bridge the gap. But experience has shown that many countries that based its development programmes principally on foreign forces must be ready to remain perpetually dependent and underdeveloped.

5.0 SUMMARY

This unit has attempted to identify the structures of dependence and how it has conditioned Third World countries to remain perpetually dependent and underdeveloped.

6.0 TUTOR-MARKED ASSIGNMENT

1. Mention and explain the various forms of dependence.
2. Describe the nature and impact of financial dependence on the Third World countries.
3. Analyse the nature and implications of trade dependence on the underdevelopment and dependency of the Third World countries.

7.0 REFERENCES/FURTHER READING

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UNIT 3 THE INTERNAL FACTORS AND MECHANISMS OF UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

Dependency scholars predicated their postulation on externalisation of the sources of underdevelopment. It is important however, to point out that internal factors are also primary in as much as we relate them to the external factors. In other words, source of underdevelopment are only partially explained by external factors. It is therefore important to note that we will have a better explanation if we look at the internal factors as agents as it were who became further catalyst to further underdevelopment.

This unit will therefore identify the various internal factors that serve as catalyst to the underdevelopment crisis of the Third World countries.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain that Third World underdevelopment is not restricted to external factors alone
- discuss the various internal factors that conditioned Third World underdevelopment and dependency.

3.0 MAIN CONTENT

3.1 The Disintegration of the Modes of Production and the Distortion of the Economic Structures

The disintegration of the mode of production was due to the fact that it is not the logic of economic forces internal to Third World countries but it was a result of the organic link to the world economy. Consequently, the elements of a more modern form of production and society were imposed on a traditional and political setup from outside as an isolated element within the framework of colonialism. This integration or transformation of the mode of production has no logic of its own because it was done by colonial force. In this case, they became enclaves. These enclaves were from the beginning outwardly oriented because they were to serve external interest and as such, could not become the driving force for development because they were not in contact with their environment neither were they in contact with the other sectors of the economy. Furthermore, the externally nonintegrated character of the economy manifests itself in various forms.

In Nigeria for instance, the attack on the Nigerian food sector has disrupted and distorted pre-colonial patterns of integration between areas of food production and food consumption. The food sector in Nigeria agriculture was systematically and severally attacked by the colonial government in order to dethrone it as one of the most important means of exchange and of the accumulation of wealth by farmers, traders and food processors. During the First and Second World Wars, the terms of trade between Nigerian agriculture and British manufactured goods were officially manipulated in favour of British imports. While prices of imported goods rose, those of agricultural products, including the prices at which food items could be sold were officially fixed at a very low level. This was aptly captured by Abba, et al (1985:21) thus:

This sustained attack on the food sector of the Nigerian agriculture, the denial of capital investment to it, the unfavourable terms of exchange imposed, and the taxation imposed on it all, ended in blocking and under-developing the food sector in Nigerian agriculture. This blockage and underdevelopment was however accompanied by population growth partly due to improvements in public health, and by increase in school enrolment, increases in numbers of people who were working outside agriculture and living urban non food producing conditions. Thus populations increased, while an increasing significant proportion of it became totally non-food producing. Agriculture for the majority of farmers was becoming a permanent zone of poverty. This situation continued, and deepened, into the present food crisis.

In the light of the foregoing, it can be observed that the general line of colonial economic policy became that of intensive exploitation of Nigerian farmers and their soils, while forcing both the farmer and the soil down to the lowest minimum diet required to keep the one alive, and the other fertile.

3.2 Manifestations of the Externally Non-Integrated Economy of the Third World Countries

The externally non- integrated economies of the third world manifest in two different ways:

- the dualism of the modern and traditional socio-economic sectors the co-existence of export economies and subsistence economies
- sectoral disarticulation.

Dualism has a very long history in the 18th Century colonial period in the East Indies when the colonial masters introduced the Western style of plantation in Indonesia and its failure led to the underdevelopment of the people. Dualism emphasises that economic laws that are found valid in the advanced capitalist countries, do exist in Third World countries. That is, the process of modernisation has led to the polarisation of the world. At the international level, the process had led to the development of two worlds- the developed countries with their peculiar characteristics and developing countries' characteristics. Also within each country of developing world there is a domestic dualism-the country is internally polarised with a modern and primitive sector existing side by side.

The characteristics of dualism are as follows:

i. The existence of two sets of conditions- both modern and traditional institutions. For example, we have a highly developed modern economic sector coexisting with a traditional economic system.
ii. The coexistence is permanent and not transitional. The difference in development between the two sectors is not a temporary thong which can be removed overnight.
iii. The gap between the two sectors is widening. The degree of superiority or inferiority is on the increase. For example, the gap between advanced industrial countries is developing and does not show any sign of diminishing.
iv. The backwash effect. This characteristic implies that the interrelations between superior and inferior elements are such that the existence of the superior or advanced capitalist countries retard the development of the inferior- the Third World countries.

According to Todaro (1982), there are two types of dualism, namely *domestic* and *international* dualism with each having distinct characteristics. Dualism may also take sociological and technological dimension.

Sociological dimension of dualism refers to the co-existence of imported social system with an indigenous social system. The features of sociological dualism which the traditional society manifests according to Boeke cited in Ujo (1994) are as follows:

- limited needs
- complete absence of profit making
- aversion to capital (dislike of investment)
- lack of business qualities
- lack of good organisation and discipline
- fatalism and resignation to fate
- lack of mobility of labour
- absence of regular labour
- export is the main motive of business.

Technological dualism involves the use of different production functions in two sectors of the society. Meir (1976:131) asserted that:

The modern sector is composed of plantation, oil fields, large scale industries, technically oriented and production is capital intensive with peasant agriculture handcrafts and small industries.

This implies that there are traditional and modern sector and development means that the modern sector will gradually spread its influence and absorb the traditional sector. The dual economic thesis or economic dualism is crucial to understanding Third World underdevelopment and dependency. It is argued that in the Third World countries, a dual economy is transformed by the coexistence of peasant subsistence agriculture and cash crop production of basic commodities or industrial goods for the international markets. It is further argued by Alanana (2006:33) that:

Because the peasant or rural economy is separate from urban industrial economy, the penetration of capitalist mode of production into the rural economy would transform the entire rural economy.

However, it is critically argued that rural economy does not get transformed entirely with the penetration of capitalism. There are certain aspects of rural economies which are preserved to serve capitalism. On the issues of two separate economies existing side by side one another, it is observed that there is neither difference between rural and urban economies nor between capitalism and peasant economies. Both economies are organically linked to one another. This is indicated in the economic recession which Europe experienced and the extension of same to the Third World. The rural economy supplies all the necessary industrial raw materials to the urban or metropolitan cities.

Furthermore, the distorted socio-economic structure means that there exist a considerable pre-capitalist sector and most often than not, they were diametrically opposed. The state in the Third World is always faced with the crises of expanding capitalist accumulation by the conflicts it generates. An informed study of Agrarian society in Nigeria has shown a history of peasant uprising. For example: Bakolori in 1982 when peasant agriculture was to give way to capitalist farming (FADAMA), the existence of a large urban mass displaced from the rural sector through large scale farming, absentee farming, etc, would serve to explain the sources of urban crisis such as Maitatsine, etc. The state in the Third World in many cases has to manage the crises emerging from the distortional destruction and the imposition of new socio economic systems and relations.

The heterogeneous social structure in accordance with the disintegration and distortion of the production and economic sectors in the Third World countries, the class structure is also disintegrated and distorted. Colonial incorporation broke up the old mode of production. Side by side with the modern section is the traditional sector that sometimes becomes blockage to the development of the modern sector. The internal changes such as the breaking up of the old system took place under specific circumstances under colonialism and semi colonial conditions.

These changes were not as a result of internal laws of the underdevelopment or traditional economy, but they were determined by the interest of monopoly capital. In this process of transformation and subordination of pre capitalist feudal and communal societies, the old did not completely disappear. The new was not built on the ruins of the old but amongst the remnants of the old. In addition, the penetration of the modern society was not uniform even where it did so; the old system still retained its influence. For example, feudalism existed side by side with capitalism. Summative, modern relations became associated with traditional relations. What we witness today is the existence of both the traditional and the modern society side by side; just as peasant subsistence agriculture exists side by side with capitalist form of agriculture.

Finally, foreign capital is interested in the destruction of old form of social relation as long as they impede capitalist accumulation. However, the externally induced capitalist development restricts the emergence of a proper capitalist class. The indigenous bourgeoisie is weak, and in this case their capacities to promote capitalist development are hampered by the nature of externally induced capitalist domination itself. It is this complexity in the class structure of the indigenous classes and their relationship to international capital through the mediating agency of the state that hinder the Third World countries dependent and underdeveloped.

3.3 Internal Factors and Dependence of the Third World

There seem to be an ineradicable tendency among Third World countries that whenever we articulate reason (s) for our underdevelopment, we always heap the blame on our past colonial experience. As such we have mistaken historical explanation for historical justification for the persistent crisis of development but available evidences have shown that internal factors have contributed tremendously to the crisis of development in Third World countries. There are internal forces and productive structure that may prohibits the development of the productive forces. According to Tam David West (2003) the reason for the difference between us and the developed countries is that while the leaders are literally with every ticking of the clock seriously addressing the problem and concerns of the moment and finding solutions to them, in underdeveloped countries especially Africa, leaders expend their energies more in devising more and more sophisticated machinery for subverting the system, economically or electorally. They loot and subvert the system for their own self aggrandisement and indulgence. Basil Davison (1992), observed that by far the greatest singular contributor to Africa's continued underdevelopment is bad leadership. Leaders he added, who claim to be visionary but in fact have no vision at all for development. Internal factors play critical role to distort the processes of development. For example, values, leadership, discipline, corruption, the possibility of cultural resistance as well as the right of a tribal society to reject or accept change and innovations, as this diffused into the TWCs constitute these internal obstacles that can ruin the process of development.

4.0 CONCLUSION

It is important to point out that internal factors are also primary in as much as we relate them to that external factors. Such factors are essentially the lack of social and economic integration and the dual distorted socio economic structure. The existence of a disintegrated dual structure refers to the historical root of underdevelopment as explained from the external environment. In a nutshell, it can be posited that the internal structure of the underdeveloped countries is not only a product of the penetration of external and internal forces but that once this has become established, it provides the basis for maintaining such relations. In order words, source of underdevelopment and dependency are only partially explained by external factors, internal factors provided the catalyst for its success.

5.0 SUMMARY

This unit has attempted to explain how internal factors served as the catalyst to the external factors. As such, beyond the postulation of dependency scholars, internal factors also provide vintage to understanding the underdevelopment and dependency of the Third World countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Critically discuss how internal factors serve as catalyst to under development and dependency of Third World countries.
2. Explain the concept of dualism and discuss how it conditioned the underdevelopment of the Third World underdevelopment.
3. Discuss the impact of colonial economic policies on the underdevelopment of the Nigerian agricultural sector.

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UNIT 4 THE PARADOX OF GLOBALISATION AND THIRD WORLD

CONTENTS

1.0 INTRODUCTION

The main force propelling the world at the end of the 20th century is globalisation. The interest in globalisation is motivated partly by the thinking and perception that the fate of individual national and communities is more and more tied together.

Globalisation is neither a theory nor a concept but a process that captures the development of international system at different level from the more familiar concept of imperialism. It is a comprehensive term that describes the emergence of global society in which economic, political, social, environmental and cultural events in one part of the world globally comes to have a significant influence for people in another part of the world. It is also used or often seen in some cases as a triumph of capitalism over socialism with the end of the Cold War and collapse of the defunct USSR. This unit is designed to explore globalisation as a current and forceful trend in the international political economy and identify it unique characteristics and its impacts which is paradoxical on the Third World countries would be highlighted.

2.0 OBJECTIVES

By the end of the Unit, you will be able to:

- explain the meaning of globalisation
- identify the distinguishing characteristics of globalisation
- describe the impact of globalisation on the Third World countries.

3.0 MAIN CONTENT

3.1 Understanding Globalisation

Globalisation is a highly contested and a very complex process that can be understood in different perspectives, economic, social, political and cultural perspectives. But according to Ewan (1995) globalisation can be defined: from an institutional perspective as the spread of capitalism. Offiong (2001:1) defines globalisation as:

The multiplicity of linkages and interconnectedness that surpasses the nation-states together constitutes the modern world system. It sets up a process through which events, decision, and activities in one part of the globe can and do have great consequences for individuals and communities in very distant parts of the world. Currently, he added, information, goods, capital, people, language, images, communication, crime, culture, pollutants , drugs, fashions entertainment, beliefs, among others, all immediately move across territorial boundaries.

In another development, Oman (1994:27) defines globalisation as:
Often used in at least two efferent implications in terms of their policy focus. In one sense, globalisation is used to mean multilateralism in which case the global trading system, multilateral trade liberalisation and government policies are the focus. Here globalisation is understood to mean a multilateral towering of policy impediments to the movement of goods and services across national as well as regional boundaries. In another sense, globalisation is seen more as a macroeconomic phenomenon, driven by the strategies and behaviour of corporations; here, it is the changing dynamics of global competition and international competitiveness.

According to Boutros Ghali (1996: 3), globalisation is seen as:
Creating world that is increasingly interconnected in which national boundaries are less important, and it is generating both possibilities and problem.

In the light of the foregoing, globalisation can be defined as the process of intensification of economic, social and cultural relations across international boundaries. It is principally aimed at the transcendental homogenisation of political and socio-economic theories across the globe.

SELF-ASSESSMENT EXERCISE

Briefly explain the meaning of globalisation as you understand it.

3.2 Characteristics and Dimensions of Globalisation

There are certain characteristics that distinguish globalisation from other historical forms of capitalist expansion such as imperialism, colonialism and neo-colonialism.

i) The emergence of the Trans-National or Multi-National Corporations (T/MNC) as the major agent for the worldwide expansion of private capital and the capitalist market. This has brought about a fast growth in trade by transnational and multinational corporations.

ii) It organises increasingly integrated economic and financial activity across national borders and produces, sources and markets its raw materials and products worldwide in its unceasing quest for competitive advantage. This has enhanced rapid growth in international financial transactions propelled by surge for Foreign Direct Investment (FDI) largely controlled by the Multinational Corporations (MNCs) thereby creating a global market.

iii) Communication Revolution. This revolution makes possible both the speedy and safe transportation of goods and money to all corners of the world and an instantaneous all-day and all night communication from one end of the world to another. The diffusion of technologies and ideas through trade expansion of globalised transportations and communication. These have been facilitated by production and finance.

SELF-ASSESSMENT EXERCISE

Briefly describe the characteristics and dimensions of globalisation.

3.3 Impact of Globalisation on the Third World Countries

The central feature of the idea of globalisation is that most contemporary problems cannot be adequately studied at the level of nation –state, which is –in terms of each country and its international relations, but instead needs to be seen in terms of global process of interconnectedness and interdependence which portends both possibilities and negative impacts on Third World countries.

Globalisation can be seen as phenomenon of capitalist expansion and accumulation. In order to promote expansion of this capitalist movement in the TWCs, the international financial institutions supported by the advanced capitalist countries have imposed a package of reform which includes, the downsising of the state, withdrawal from economic enterprise, elimination of all state subsidies, deregulation of the economy, including external trade, currency devaluation, free flow of information, transparency in governmental process, policy predictability, public accountability, and the rule of law and later multiparty democracy was added. In various ways, these reforms and policy platforms are source of conflict and insecurity in Third World countries.

Economists generally view globalisation rather positively. To Owan (1994:9),

Globalisation frees the forces of competition that help to channel the energies of people and the resources of countries into activities where they are likely to be most productive. They therefore see free global market essential to the future.

Calhoun, Light and Keller (1997:492) have raised two fundamental and interesting questions that will help us to appreciate the paradox of globalisation. In their work: *The Phenomenon of Globalisation,* they asked: Global Village or Global Pillage and secondly, whether globalisation is an opportunity or a threat? Are we on becoming global village or witnessing global pillage of the planet and its people?

Globalisation may have knit the world closely together through interconnectedness and interdependence but has also divided the world and its population into winners and losers across nations and regions of the world. Globalisation is thus, limiting instead of helping some people. In the light of this Offiong (2001:3) observes that:

Multinationals increase profits not through greater efficiency but by pitting countries and people against one another in a race to the bottom. Underdeveloped countries attract investors by offering them the cheapest labour, the lowest taxes and the least regulations; their national economies may show signs of expansion but at the great cost of falling or low living standard.

Third World Countries are trapped between this sustained and widespread opposition to the IMF and the WB induced reform and the pressure to implement the programme, have adopted four pronged strategies: Accommodation of local demands; Cooptation, Divide and rule and Repression. Globalisation has centralised and identified external access to and exploitation of Third World resources especially Africa, while marginalisng and pauperising the Africa people. Trade liberalisation as demanded by the multilateral institutions has led to deindustrialisation of Third World countries.

Finally, globalisation is failing to reach all peoples in a positive way. Too many people in the Third World are excluded, unable to obtain access to the prosperity that globalisation offers.

3.4 Globalisation, Economic Dependence and Profile of the Nigerian Economy

Nigeria at independence in 1960 was largely a producer and net export of primary products. The six major agricultural products then were cocoa, rubber, palm oil, groundnut, cotton and palm kernel. Although there existed mining and quarrying activities those were of negligible percentage and never counted for the economy as a whole. In other words, agricultural produce and raw materials constituted the sole foreign exchange earner for the country.

Specifically, the Nigerian state, an exporter of agricultural goods had 69.4% of its total GDP for the year 1963 and 1964 comprising the six aforementioned agricultural commodities (Olaku, 1979). The trend of having agriculture as the main foreign exchange earner for Nigeria stopped in the early 1 970s when the country was suddenly awash with petrol dollar arising from the quadruple increase in the prices of oil in the world market. From 1972 onwards, oil gained ascendancy over all the commodities as the contributor to the GDP, and also as a major foreign exchange earner (Obadina, 1998). Thus, the over depending on crude oil for foreign exchange and source of revenue was no doubt became intensified with the introduction of Structural Adjustment Programme (SAP) in 1985 by the then President Ibrahim Babangida's administration which among other things compelled Nigeria to liberalise the economy via the removal of all forms of trade encumbrances to enhance foreign investors to invest as well as free flow of goods and services across national borders.

In a related manner, an overview of Nigerian economy has it that, oil-rich Nigeria has been engulfed with instability, corruption, inadequate infrastructure, and poor macro-economic management, but in 2008 Nigeria began pursuing economic reforms, that globalisation has failed to allow Nigerian leaders to diversify the economy from its over dependence on the capital intensive oil sector, which provide 95% of the foreign exchange earnings and about 80% budgetary revenues (CBN, 2011). The quest to reform the economy led to the signing of an IMF stand-by agreement in August 2000, Nigeria relieved a debt restructuring deal from the Paris Club and a $l billion credit from the IMF, both contingent on economic reforms. Nigeria fuelled out its IMF programme in April 2002, after failing to meet targets, making it ineligible for additional debt forgiveness from the Paris Club. In November 2005, Abuja won Paris Club approval for a debt-relief deal that eliminated $1 8billion of debt in exchange for $l2billion in payments a total package worth $30billion external debt (Akano, 2011). Even after the debt relief saga, globalisation has continued to hurt Nigerian financial sector and the entire economy (0choga, 2012).

Empirically, Nigeria's Gross Domestic Product (GDP) composition by sector, shows that agriculture had 34.6% in 2001, 37.4% in 2002 and 3 1.9% in 2019. While the industry had 33.5% in 2001, 28.8% in 2002 and 32.9% in 2019 and services had 29.9% in 2001, 33.8% in 2002 and 33.2% 2019 respectively. It is obvious that the country's worsening low productivity forces was primarily responsible for the deteriorating state of the nation's industrial sector in the period under review. Against the background of low contribution of the industrial sector to the country's GDP, it was clear that the Nigerian economy is to large extent an agrarian economy. Based on these statistics, therefore, there is no gainsaying that the industrial sector is highly ineffective and disarticulated as it contribute little to the country's GDP. There is no doubt, is an indication of over dependency on agricultural produce and raw materials for foreign exchange.

Similarly, the concentration of exporting of agricultural produce signified high employment provision on the country labour force. For instance, CBN (2011) reported that the total of 48.33 million Nigerians composed the country's labour force in 2019 while statistic for labour force distribution by occupation had it that the agriculture employed 70%, industry 10% and service 20% in 2009 respectively. Thus, a critical analysis of the statistics revealed that Nigerian economy is basically an agrarian economy because the sector provides employment for about 70 percent of the work force. By implication, the industrial sector employ about 10% while bulk of the population are engage in subsistence farming. It was against this background that the CBN (2007) reported that about 70% Nigerian population are below poverty line and to support this assumption Todaro (1992:18) argues that;

The ineffective of the industrial sector and the subsistence agricultural system have places a large segment of Nigerians in the vicious circle of poverty which is characterised by low productivity that leads to low per capita income and low capita income results in low level of saving per head, while the low of saving leads to low level of capital accommodation per head which further leads to low productivity.

Also, apart from the fact that economy is agrarian one that is subsistence in nature, another feature of the economy is the mono-cultural nature of the economy which had made it highly susceptible to fluctuation and uncertainties in the international prices of crude oil. According to Akano (2005:477), the commodity accounted for 95% of government revenue and 97% of total export earnings in 2004. This shows that Nigeria is at the extreme end of the spectrum being dependent on one single primary commodity-oil-for more than 95 percent of export earning which contributes more than two thirds to revenue and about 12.00 percent to GDP. According UNCTAD report in 2008, Nigeria's agriculture recorded in terms of diversification within the economy Nigeria has achieved very little progress as oil still constitute major source of government revenue. Invariably this revealed that there is no coherency as the various sectors of the economy are not in complementing order. This in turn resulted to import-based economy system.

Another feature of the Nigeria economy is dependency. It is not a dogmatic assertion to say that the country imports virtually everything compressing of machinery, chemicals, transport equipment, manufactured goods, food and live animals etc. Giving the fact that the dependency status of the economy has a history which is dated back to colonialism, in recent time, the openness of the economy was intensified by series of trade policies enunciated by successive government. This is why Iganiga and Idris (2000:12) assert;

The end of the last century witnessed the beginning of a new economic policy in Nigeria; federal government of Nigeria headed by Olusegun Obasanjo has evolved a policy of liberalisation, privatisation and deregulation. Deregulation is nothing more than to free a trade or other business activities from certain rulers and countries, these economic policies were adopted with a view to attract foreign investor and goods into the country.

This policy which was believed will stimulate the economy by way of encouraging foreign investors, imported goods and services into the country further worsened the situation. This is not to say however that globalisation do not have its merits and demerits of courses, there are thus, the advantages of the developed countries of the north are the disadvantages of Nigeria in particular and countries in the south. More empirically, according to UNCTAD (2004), and CBN (2010) reports on Nigeria share of world trade in millions of dollars on exports and imports transactions. Based on the reports Nigeria had export of $20975 with 0.28% while import of 58721 with 0.13% in 2000. In 2001 the export was $1.7261 with 0.28% while the import was $11586 with 0.18%. In 2002 the export was 15107 with 0.24% while the import was $7547 with 0.12%. In 2009 the export was amounted to $59.32 billion while was $29.05 billion and in 2010 the export was $76.33 billion while the import was & 34.18 billion respectively. Paradoxically, the CBN (2011) report on exports commodities indicated that petroleum and petroleum products contributed 96% while cocoa, rubber and others had the rest percentage respectively to Nigeria export trade.

Thus, a critical analysis of these statistics revealed that Nigerian economy is at the receiving end in the world economy which to large extend is an indication of dependency on import partners like China, US, Netherlands, South Korea, UK and France for goods such as machinery, chemicals,

transport equipment, manufactured goods, food and live animals etc. Hence petroleum and petroleum products constitute about 95% of Nigeria's export annually by a logical implications, the country's import is more than export. Still on the implication, Young (2002:2) avers that;
The import based nature of Nigerian economy has a devastating latent effect on the country quest for economic growth and development. The absolute dependency on imported goods has led to the closure of 30 factories and 35,000 jobs lost as a result of the large scale dumping of finished textiles and second-hand clothes in Nigeria due to Nigeria wholesome commitment to World Trade Organisation rules and regulations.

Young also argues that:
This problem is observed in other sub-sector of the manufacturing industry, the cocoa industry alone talks of l0000 jobs lost due to the barrage of foreign food and beverage items that compete with local products to the extent that majority of these factories have been forced to close down.

The openness of the economy which poses threats to local industries may be responsible for the ineffectiveness of the sector. On their assessment of the profile of the Nigerian economy, Peter and Akwele (2005:5 1) pinpointed that:

Most of the goods produced locally are perceived to be of inferior quality, they continuously facing stiff competition from foreign goods that are normally dumped or smuggled into the country.

This is an indication that the dependent nature of the economy has negative effects on the value of domestic currency (naira) in the international market and the development of the productive forces because the economy would not grow and Naira would not appreciate, if import always exceeds export.

Finally, the assessment of the profile of Nigerian economy would not be completed without examining the monopolistic nature of the economy. The nexus that exist between industrialisation and the macroeconomic variables has made industrialization become the supreme goal of any nation that wants to be counted among great nations. In the case of Nigeria, Iganiga and Idris {200:13} observe that:

Vital technology of operation in the industrial sectors is still in the hands of foreigners: virtually all the Multinational Corporations (MNCs) in Nigeria depend mostly on foreign expatriate workers for their technical operations, it is not just that technology has not be transferred but the MNCs have made it difficult for the local industries and manpower to operate even with the existence of Petroleum Technology Development Fund (PTDF) established to develop local manpower in the petroleum industries, a key sector of the economy.

The MNCs have made the market difficult for the few local industries to operate hence the indigenous industries lack the requisite technology and capital to compete effectively with the foreign counters. And as such Nigerian economy is not benefiting much from the advantages associated with competition as advocated by the exponents of capitalism. Invariably, the foreign investors more often monopolize the market for surplus value and control the economy.

Be that as it may. it has evidently clear that globalisation has not allow sustainable and corresponding growth and development of the Nigerian economy as the study revealed that the profile of the country's economy is basically agrarian, mono-cultural, import-based and monopolistic in nature. And as such by these status, the economy may not effectively, provide the needed economic opportunities to reduce poverty in the country. These ugly trends have continued to intensify via the activities of the agents of globalisation with the aim to perpetually dominate and exploit Nigeria in the global economy, which is the cardinal view of the dependency theory. That is why Schumann (2003:2) highlighted that:
The effects of globalisation on the developing country like Nigeria is rooted in the enormous potentials of globalisation is in danger of being lost because governments of the economically strong nations are not shaping the process of global integration in such a way that the benefit of the global division of labour really do lead to economic success and rising prosperity for all

Based on the profile of the Nigerian economy and the activities of the agents of globalisation, our findings indicate that globalisation poses the following challenges to the economy:

i. Lower consumer demand for domestic goods occasioned by preference of Nigerians for imported goods;
ii. Low level of wages in general leading to low effective demand;
iii. Low level of effective demand for domestic goods lending to underutilization of capacity;
iv. Low value of the nation's currency the naira making it difficult and expensive to replace machines;
v. Shortage of raw materials and other production inputs due to shortage of foreign exchange;
vi. Porosity of our national frontiers, which makes the smuggling of contra bound goods a lucrative business;
vii. Problem of under-invoiced goods from the African countries, which makes some foreign products cheaper than domestic ones;

viii. The problem with the importation of fairly used cloths and other products which affects the demand for domestic ones.

From all indications, the evidence presented, in the foregoing discussion is nothing but a reflection of the fact that Nigerian economy is operating in a difficult and unfavorable economic climate in the global economy.

4.0 CONCLUSION

Third World societies have been dichotomised in terms of standard of living, quality of life and life styles. The dichotomous are self-evident in the various forms of resistance to globalisation across nations of the TWCs. There are paradoxes of integration and marginalisation where there is exclusion of large section of the TW from the cutting edge of research and modern technology. There is also a paradox of culture and cultural isolation where global cultural homogenisation has succeeded in interjecting a small segment of TW societies into the global family while effectively disconnected them socially and culturally from people of their own country as a consequence.

5.0 SUMMARY

This unit has examined the concept of globalisation and highlights of its characteristics from other forms of capitalist expansion noted and its impacts on the Third World countries discussed.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the various definitions of globalisation.
2. Critically evaluate the impact of globalisation on Third World countries.
3. Mention and discuss the various dimensions of globalisation.
4. Discuss the impacts of trade liberalisation on the economies of Third World countries.
5. X-ray Nigerian economy under the globalisation.

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UNIT 5 INTERNAL AND EXTERNAL CONTEXT OF DEVELOPMENT AND UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

The understanding of the internal and external context of any state is central to the understanding of it stage of development and underdevelopment. Thus, this unit exposes students to the issues considered as internal and external context of third world countries

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- examine the centrality of the internal and external context of development and underdevelopment
- assess the internal and external environments as central to the study of third world and dependency.

3.0 MAIN CONTENT

3.1 Internal and External Context of Development and Underdevelopment

To start with, the question that why is South-African is developed than Nigeria is central to the understanding of this unit. In order to answer this question in a satisfactory manner and there is need to place the whole issue in a proper historical perspective, we need to look at both internal and external contents of Nigeria and South-Africa. The internal context has to do with the nature of the post-colonial political system in which the State is likely to function as an obstacle to development rather an agent of socio-economic transformation.

On the other hand, the external context has been backed by western development strategies with neo-liberal policies for third world countries to adopt. The proper interrogation of the external environment in this context is necessary. The neo-colonial influence on Nigeria and other third world states is another factor to be interrogated while discussing development and underdevelopment of the third word.

In most third world countries, the state leadership and the masses do not share the same aspirations and vision for the state. This divergent vision frustrates development in most third world countries. In addition to seek from arbitrary rules of the colonialist, the masses in the third world wanted better education, quality health care centers, electricity, pipe borne water, and above all, security for lives and property. The governing elites in third world are guilty of bad governance epitomized by corruption.

Development is driven by ideology. Most third world countries unlike the Asia-Tigers do not have ideological notion of development. The Confucianism of China for instance propelled and stirred the Chinese development politics. The absence of institutionalization of development driven ideological inclination in Nigeria and most third world countries frustrates the quest for development (Ochoga, 2012).

4.0 CONCLUSION

The unit has discussed the importance of internal and external context in the understanding of development and underdevelopment of the Third World. Some of these factors are historical while other is contemporarily induced by the post-colonial States. While the historical perspective creates historical insight into the nature and character of development and underdevelopment of the third world, the contemporary context could rewrite the history to attain development. The extent to which state leadership could do this forms the recipe for further interrogation.

5.0 SUMMARY

Understanding the internal and external environment of any country is central to the understanding of it stage of development and underdevelopment. Both the internal and external context enables students to interrogate the politics of development and underdevelopment of a country.

6.0 TUTOR-MARKED ASSIGNMENT

1. Evaluate the claim that every state has it internal and external context of development and underdevelopment.
2. Explain why the internal and external environment is central to the study of third world and dependency.

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MODULE 4 THE POLITICAL ECONOMY OF THIRD WORLD DEVELOPMENT

INTRODUCTION

This module is designed to expose students to the theoretical debate on the nature and character of the States in Third World. With this, the module focuses on the theoretical explanations of the States in the Third World in general. And the role of the State in Third World is also discussed. The role of the State is central in the understanding of politics of development and underdevelopment in particular.

UNIT 1 THEORETICAL EXPLANATIONS OF STATES IN THE THIRD WORLD

CONTENTS

1.0 INTRODUCTION

The political economy of the Third World matters to their social and economic development. However, the dynamics engineered by the interaction of certain social and political structures in so many TWCs are not propitious to development. In addition, the optimism expressed by early modernisation theorists regarding TWCs' economic development seemed ill founded during the 1980s in the face of deep economic declines in Africa and Latin America. In South Asia, Sub Saharan Africa and other TWCs, the war on poverty often seemed unwinnable. On the other hand, dependency theory's persuasive pessimism about the limits of development in the periphery seemed to have been belied by East Asia's spectacular growth from the 1960s into the 1990s.

In recent decades, research on the TWCs has often focused on its political economy- the dynamic interaction between the forces of politics and economy.

This module therefore focuses on several important issues as regards the role of the state as it relates to stimulating and regulating economic growth and development in the TWCs and what are the major strategies for development. In this unit therefore, effort will be made to explore the theoretical explanation of the role of state in promoting development. It will also discuss a number of alternative strategies or models prescribing the role of the state in Third World economies ranging from command economy to the very limited state intervention.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- identify the theoretical explanations of the state in the TWCs
- discuss the major strategy relevant for the development of the TWCs
- review the theoretical debate about the developmental state.

3.0 MAIN CONTENT

3.1 Background to the Theoretical Explanation

Theoretical postulation on the evolution, nature and character of the state is crucially justified because it throws light on the role of the state, by using its apparatuses. It is therefore of great significance to understand the various theoretical explanations that are fundamental to their roles in the society.

The state, once the corner stone of development is now the millstone around otherwise efficient markets. States, especially in Third World countries have been described as the 'rentier state', the 'overextended state', the 'parasitical state', the 'predatory state', the 'lame leviathan', the 'patrimonial state', the 'prebendal state', the' crony state', the 'kleptocratic state', etc. Such states, it has been argued are to delink, reduce or roll back, to stabilise the economy, deregulate, privatise the economy, to engage in good governance, to democratise themselves and society and create an environment for the private sector to thrive.

In the light of the foregoing, the growing interest in the nature and role of state therefore represents the revival of a major intellectual and theoretical concern of the 1950s and 1960s.

SELF-ASSESSMENT EXERCISE

Briefly describe the theoretical background to the role of the state in Third World countries.

3.2 The Command Economy

Most of the dependency theorists believe that an exploitative relationship between core industrial nations and peripheral Third World countries is an inevitable outcome of capitalist trade and investment; they felt that only a socialist economy could achieve economic independence and development.

Theorists of the command economy have viewed market capitalist economies as anarchistic because they leave the most fundamental decisions over the allocation of resources and the determination of prices to the whims and caprices of the forces of demand and supply. They also believe in centralised state control over the economy. A command economy initially established in the Soviet Union has two main central features:

- the means of production are primarily owned and managed by the state that includes factories, banks, major trade and commercial institutions and retail establishment, etc
- decisions concerning production are not set by market forces but rather by centralised state plans.

However, the collapse of Soviet Union and Eastern European communist nations revealed or exposed the weaknesses of the centralised and command economy. Despite the phenomenal impacts of the command and centralised economy in the defunct USSR, China and even Cuba, its weakness overshadows their accomplishments. In Latin American countries, the state has often played a key economic role, seeking to be an engine of economic growth. In the period between the two World Wars, many Latin American nations first pursued state- led industrialisation. That process accelerated during the Great Depression of the 1920s and 1930s, when countries in the region had difficulties finding markets for their goods and raw materials exports and, consequently, lacked foreign exchange for industrial imports. Unlike the communist countries, Latin American nations left most economic activity in the hands of the private sector and did not centralise control over the economy.

In general, Latin America's development model introduced two important areas of inefficiency that will help us understand why it failed.

i. Many state owned enterprises were frequently over-staffed and poorly run. Very few, if any, have the skilled and disciplined personnel required for effective performance.
ii. The Latin America's model encouraged inefficiency in the private sectors

According to Handelman (2005:259-260), Government throughout the world have effectively used protectionist means to help infant industries get started during the early stages of industrialisation. But overtime, the level of protection needs to be scaled back or domestic firms will have little incentive to become more productive and internationally competitive. Instead, Latin American protectionism, rather than serving as a temporary stimulus, became embedded in the economy.

Against this background, starting from the 1980s, almost all Latin American nations, forced by the region severe debt crisis economic depression reversed their earlier statist policies. While Latin America has been struggling since the early 1980s, a number of East and South East Asian economies have grown at a phenomenal rate. Infant, from 1960 to the late 1990s, these economies grew almost three times as fast as Latin America and five times as fast as Sub-Saharan Africa. The growth in these economies was essentially attributed to government, playing a key role in stimulating economic growth.
In conclusion, not only has the spectacular successes of the East Asian Tigers led to a re-evaluation of the role of state in development process but it has also raised the question of replicating their policies and experiences in other third world countries.

SELF-ASSESSMENT EXERCISE

Briefly describe the command economy theoretical postulation of state's role in the development of Third World countries.

3.3 Neo- Classical/ Liberal Models

Unlike the command earning model, the neo-classical or neo liberal model assigns government a very limited economic role. The state, it argues, should provide certain fundamental public goods such as national defense, police protection, a judicial system and an educational system. Neo classical economists insist that free market forces should determine production decision and set prices without government interference. They criticised government policies designed to stimulate industrial growth such as protective tariffs and import quotes that restrict free trade and thereby drive up prices of exports and imports; state subsidies to producers, consumers, and governments control on prices and interest rates. All of these measures distort the choices made by producers, consumers and government. Only when these artificial restraints are removed, will the economy grow and development be achieved.

In addition, reliance on market forces and the adoption of market driven export oriented development strategy was said to have led to efficient exploitation of the comparative advantage of the countries in cheap labour (new labour perspective) with its minimalist’s view of the state is essential to Third World development.

Contemporarily, the neo liberal policies seemed to a large extent to have won over the debate against the advocates of extensive state intervention. However, that Africa and some Latin American countries and third nations have liberalised their economies, deregulating the private sector, removing trade barriers and freeing prices, government subsidies for industries and consumers have reduced, does not necessarily mean the neo liberal have won because these reforms resulted from the pressure from the multilateral institutions and the earlier statist models that failed. In addition, the central issue is one of the state and the market but it is not a question of intervention thesis Laissez Faire a popular dichotomy but a false one. It is rather a question of popular division of responsibilities between the two and of efficiency in their respective functions. The relations between government and the market can be seen under the following interrelated categories:

- human and physical infrastructures;
- competitive climate for enterprises; and
- macroeconomic management and institutional development.

The most important investment government needs to make are on people. Markets in Third World countries often cannot be relied upon to provide people especially the poor with adequate education, health care and nutrition. For instance, a child born in Africa today is more likely to be malnourished than to go to school at all, and is more likely to die before the age of five than to go to secondary school.

The general observation is that governments in Third World countries have done too much of the things they cannot do well- regulating markets and producing ordinary goods and too little of the things they must do well-maintaining macroeconomic stability and making necessary investment. In core states of the world we all experience the state as a supplier of public goods and concerned with the efficiency of this provision. Equally important to our modern way of life is the state as a regulator and facilitator. Here the state operates macroeconomic and other policies to support the economy within its territory. It involves the roles of the state in producing the physical infrastructure for the smooth running of the economy. Undoubtedly, the most important theory of the state in capitalist social formations is the state as arbiter. Here, the state is deemed to be above the endemic conflicts of society and therefore can act as a neutral umpire in adjudicating disputes. These theories underlie most political activity within the core states of the world economy. It can therefore be said that theoretical explanation of states in Third World countries are relatively superficial description of state's functions.

4.0 CONCLUSION

The state is seen as the harbinger and the main instrument of social change, progress and development which in the European content meant being the trigger for and projection of the modern institutions associated with industrial capitalism. During the 16th-17th Century, major European powers were guided by the philosophy of Mercantilism which viewed nation's economic activity as a means of enhancing the political power of the state and its monarch. Government was viewed as both source, and beneficiary of economic growth. Mercantilism was challenged by 18th Century economists, Adam Smith, who argued for a minimised state function that allowed market forces a relatively free hand. In the 19th century, Karl Marx, reacting to the exploitative nature of early capitalism, proposal assigning the state a dominant role, at least through the ownership of the means of production and centralised direction of the economy. Finally, in the 20th Century, Sir John M. Keynes, responding to the great depression, advocated a substantial degree of government economic intervention but rejected Marx position of state ownership. All these provided the theoretical foundations and philosophical basis for the role of the state.

5.0 SUMMARY

In this unit, attempt has been made to expose you to the background that brought about the theoretical postulation of the evolution, nature and character of state that defines its role in promoting developments. Two basic theories have been explained: the command economy and neo liberal economic policies

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe how the command economic policies affect states in the Third World.
2. Discuss the neo-liberal economic policies under their impact on states in the Third World.
3. Identify the major strategy relevant for the development of the Third World Countries.

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UNIT 2 THE ROLE OF THE STATE IN DEVELOPMENT IN THE THIRD WORLD

CONTENTS

1.0 INTRODUCTION

The purpose of the state has been a subject of intellectual and philosophical debates even among the classical and modern philosophers. This is because it is the wish of every Third World countries even the most corrupt and incompetent to promote development. The role of the state in promoting economic growth and social progress in the Third World countries has been a subject of contestation for the past 50 years. At the end of the Second World War, state led development strategy was embraced and encouraged in the TWCs intended to bring about industrialisation and entrepreneurship through intensive and deliberate effort and state intervention.

This unit is intended to explore the role of the state in promoting development. A key premise in this unit is the states and their political economy factors and the social underpinnings lie at the heart of why some states functions better than others. The dynamics engendered by the interaction of certain social and political structure s in many TWCs are not propitious to development.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- explain the role of the state in development
- discuss why some states have been capable and more supportive of development than others
- outline what the role of the state should be in stimulating and regulating economic development in TWCs.

3.0 MAIN CONTENT

3.1 The Role of the State in Economic Development

The question of the state's proper economic role has been at the centre of political and economic debates for 100 years, first in the Western industrialised economies and more recently in Third World countries.
While shying away from a strict Laissez Faire or free market approach, Summers and Thomas (1995:423) advocates a limited role for government in development and the adoption of market friendly economic reforms. In particular, they maintain that a state should primarily invest in human and physical infrastructure, create a competitive climate for business and establish sound macroeconomic policies. The role of the state in promoting economic growth and development in the TWCs has been a subject of contestation among international development experts and policy analysts for the past 50 years after the end of the World War II, coupled with the emergence of newly independent states in Africa and Asia, the international community embraced a state led model of development intended to bring about development through deliberate and intensive effort and state intervention.

A review of the record indentifies some important characteristics of successful government interventions. Most of these follow from the general principles of supporting rather than supplanting, markets and the related idea that the important thing for government is not to do things which individuals are doing already and to do them a little better or a little worse; but to do those things which at present are not done at all. Market development itself requires government action; this is because the establishment of the rules of the game by the government is crucial to the success of market reforms.

A remarkable transformation prevailing views about how governments best promote economic development has occurred in recent times. While it was once thought that government needed to occupy an economy's commanding heights by allocating credit, rationing foreign exchange, ensuring against dependence, and operating key industries; today it is widely accepted that government's responsibility for directing the production and distribution of goods and services should be much reduced and the private sector's role much enhanced. For some time now, the advice of the World Bank and International Monetary Fund has reflected the view that economic progress is impeded by government that seeks to supplant, rather than supports markets. In a synthesis of what has been learned to date, the 1991 report described the emerging consensus in favour of what was labeled the 'market friendly strategy', one in which government sustains rather than supersede markets. According to the then

World Bank President, Barber Conable, he summed up the prevailing remarks of the 1990 thus:

If I were to characterise the past decade, the most remarkable thing was the generation of a global consensus that the market forces and economic efficiency were the best way to achieve the kind of growth which is the best antidote to poverty (Broad, et al,1995:434).
The challenge for Third World countries is to establish a strong and effective, but not overbearing state that can promote growth, equitable distribution, and a healthy environment, while avoiding unwarranted interference in the market, crony capitalism and authoritarianism. Even though many Third World countries have now embraced East Asia's Export Oriented Industrial Strategy, the recent Asian financial crisis demonstrates that even the most sophisticated and apparently successful development models can run into serious difficulties as new challenges develop and weaknesses surface.

The Economic Commission for Latin America (ECLA) was at the forefront of espousing such an approach. By the late 1970s, the state-led model of development had come under strain in Africa, as well as Eastern Europe and Latin America. State intervention in these countries was often wasteful with highly inefficient state enterprises or parastatals as a prime examples leading to bloated states that proved incapable of delivering development outcomes. This resulted in a succession of national economic crises.

By the early 1980s, a growing concern ensued from academics, researchers, policy makers calling for the abandonment of the state led model of development. This idea was championed by the IMF and the WB in what later came to be known as the 'Washington Consensus'. At the core of this theoretical postulation was the insistence that TWCs adopt Structural Adjustment Programmes designed to reduce the size and reach of the state. Instead, TWCs should rely on the market as the most effective mechanism for allocating resources and promoting economic growth. Key recommendations included eliminating government controls, promoting trade liberalisation and fostering a greater role for the private sector in the economy.

According to the World Bank in World Development Reports (WDR) (1991:9), Government intervention should be used sparingly and anywhere most needed. Put simply, government need to do less in those areas where markets work or can be made to work, reasonably well.
Structural Adjustment Programme (SAP) in the TWCs affected the provision and delivery of basic social services where neo-liberal policies had little or no solutions. Consequently, services lapsed, affecting the welfare of the poor in particular. The World Bank (1989) acknowledged

the importance of the state in managing developments and social change and brought back on the agenda the proactive role of the state in development.

The viability of development models based on free market principles has been challenged. It has been argued that the newly industrialising countries of East Asia have not totally had successful developments as experienced by their recent labour unrest and ecological destruction; that the socialist command economies failure was not due primarily to their eschewal of market mechanisms; and that policies of structural adjustment have not set the stage for sustained development. It is within this purview that Broad et al, (1995) advocates for development strategies that promote broadly representative government, equitable income distribution and ecologically sound policies. There are fundamental issues in the success story of the new industrialized economics of the Asia that exemplified the role of the State in economic development. This section basically x-rayed contradictory issues as regards the success story of the new industrialised economics for further discussion in the backdrop of the view point of the underdevelopment and dependence theory. The State perspective on economic development, State autonomy and the capitalist developmental State in East Asia come to mind here:

(i) Statist Perspectives on Economic Development

The principal work on East Asian development came from renewed interest in the state in the social sciences during the 1970s, which emerged partly as a critique of dependency analyses (e.g. Amsden, 1979; Evans, 1979). In addition the economic success of the NIEs raised important questions about the role the state had played in facilitating this success (Amsden, 1979; Rimberger, 1978). As a result of this renewed interest, the *Joint Committees on Latin American Studies and on Western Europe* of the *Social Sciences Research Council* set up the *Committee on States and Social Structures* to carry out research into the role of states. Among the scholars involved in this enterprise were Peter Evans, Albert Hirschman, Peter Katzenstein, Ira Katznelson, Stephen Krasner, Dietrich Rueschemeyer, Theda Skocpol and Charles Tilly. The influential publication *Bringing the State Back In* (1985) grew directly out of the work of this committee and laid the basis for the emergence of what became known as the neo-Weberian paradigm. Although this paradigm draws inspiration from Weber, in particular his concept of the state as an autonomous structure, many of those who have subsequently been identified with it do not deny the importance of economic factors, class relations or many other facets of the (orthodox).

The mercantilist tradition initially inspired a whole host of works on the Japanese State (Johnson, 1982; Sheridan, 1993; Williams, 1994), which in turn generated other country-specific studies of which Wade's study of Taiwan (1990) and Amsden's work on South Korea and Taiwan (1989; 1979; 1985) are notable. Amsden's work is of particular importance for this study she was one of the original contributors to *Bringing the State Back In*, and can therefore be legitimately classified as a neo- Weberian. Thus, the dependency theory did not emphasis on the role state in development.

(ii) State autonomy

Probably the most important concept in the neo-Weberian paradigm is the idea of State autonomy. The State conceived of, is a compulsory association claiming control over territories and the peoples within them, with 'administrative, legal, extractive and coercive organisations' at its core (Evans *et al.*, 1985:7). However, to enjoy *autonomy*, the State must be able to formulate policy and pursue goals that 'are *not* simply reflective of the demands or interests of social groups, classes, or society'. For neo-Weberians such autonomy is not a fixed, static feature, but something that can ebb and flow. The Southeast Asia provides an example of the moments when the state can exercise autonomy for the good of all and sundry.

(iii) The Capitalist Developmental State in East Asia

The development of capitalists in the NIEs played crucial role in the miracle story of the NIEs. To start with, all Sates intervene in their economies for various reasons…the question is how the government intervenes and for what purposes' (Deans, 2000 17–18). To illustrate this point Johnson, and also Henderson (Applebaum and Henderson, 1992; Henderson, 1993), distinguish four different forms of government interventionism: market-ideological, market-rational, planideological and plan-rational. Although similar classifications are made by Dahrendorf and Dore, the original inspiration for such categorisation can be traced, perhaps unsurprisingly, to Weber. For example, Johnson himself comments that, '[i]n modern times Weber began the practice with his distinction between a "market economy" (*Verkehrwirtschaft*) and a "planned economy" (*Planwirtschaft*)' (1982:18). A *market-ideological* political economy is one in which the State, 'merely allocates those resources and responsibilities that have been traditionally under its control' (Henderson, 1993:88) namely: national defence, internal security and the provision of the necessary legal structure within which market relations can safely operate. Policy is driven by ideological dogma usually expressed by neo-classical economic think-tanks and is 'relatively impermeable to argument and empirical evidence which contradicts its basic values'.

Johnson argues that *market-rational* political economies are a product of early industrialising nations. The functions that the State performs in such economies are mainly, 'in the interest of maintaining competition, consumer protection and so forth' (1982:19). The market-rational State will have no industrial policy and the most important evaluative standard will be efficiency rather than effectiveness. Essentially then the role of the State is to set the parameters in which private companies operate…(while) investment, production and distributional decisions are the preserve of (those) companies and their actions' (Henderson, 1993:87) for the overall good of all and sundry

4.0 CONCLUSION

Against the foregoing, we can conclude this unit by stating that, while it is now admitted that the State has played a central role in the development of Asian countries, it can be said that the roles of the state began with state led development in the 1950s and 1960s. This role was later criticised as inefficient and distorting in the light of the growing debts and macroeconomic instability in the 1970s and 1980s in Africa and Latin America. Later, the implementation of the structural adjustment programmes and market oriented reforms as prescribed by 'Washington consensus' compounded problems for Third World countries. Consequently, the role of the state in development is reevaluated based on the successful experiences of state led development in several Asian countries.

5.0 SUMMARY

In this unit, effort has been made to present the role of the state in development from both statist and neo- liberal perspectives. The unit also established that the successes of any of this strategy in any country of the world cannot be replicated in other Third World countries because of their peculiarities.

6.0 TUTOR MARKED ASSIGNMENT

1. State the role of the State in promoting development in the Third World.
2. Discuss why some States have been capable and more supportive of development than others.
3. Explain what the role of the State should be in stimulating and regulating economic development in the Third World.
4. Examine the role of the State in the economic development of the NISs of Asia

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UNIT 3 AFRICA'S RESPONSE TO DEVELOPMENT CRISIS-NEPAD

CONTENTS

1.0 INTRODUCTION

Africa is an important continent with so much to offer to the world in terms of natural and human resources. It is the third largest continent with a population of over 500 million. Modern science recognises it as the cradle of civilisation. Paradoxically, it is the poorest of all the continents, weighed down by poverty, illiteracy, diseases, by a burden of un-payable debts, characterised with conflicts and war.

Africa had a very specific experience of the world system of slavery, colonialism and neo-colonialism associated with post independence governance crisis. Reviewing the situation in Africa at the beginning of the 21st Century, Aluko (2003:5) posted that:

Africa was the poorest region in the world with not less than half of its total population living on less than $1 per day. Africa also accounted for only 1 percent of the global gross domestic produced and the most marginalised region with only 1.7per cent of world trade, and 1 out of 5 Africans lived under armed conflict, creating doubt about the continent's future.

To overcome this challenge, it is argued that African countries are required to consciously formulate a coherent ideology, based on the African conditions, peculiarities and heritages. This is predicated on the argument that the major obstacle to development of Africa is the predominance of foreign ideology such as capitalism and socialism. Retrospectively, there have been several attempts by African leaders to provide the policy framework which will serve as a platform and guide Africa to development.

This unit will therefore explore Africa's response to the crisis of development through the framework of New Partnership for Africa's Development (NEPAD) through the instrumentality of Africa Peer Review Mechanism (APRM).

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- discuss the basis for Africa's response to development crisis
- mention the objectives of NEPAD
- explain the platform of APRM and its structure of operations.

3.0 MAIN CONTENT

3.1 Africa at the Dawn of the 21st Century

Available statistics on Africa at the dawn of the 21st century has shown that more than half of the population of Africa lives on less than US $1 per day. The mortality rate of children under five years of age is 140 per 1000 and life expectancy of birth was only 54 years. Only about 58 percent of the population have access to safe water, the rate of illiteracy for people over 15 years was 41 percent. Africa has less than 1 percent of global trade with business done more out of the continent than within. Above all, most of the sub-Saharan countries depend on foreign aid to make over 50 percent of their annual national budget.

In the light of the foregoing, it can be observed that the poverty and backwardness of Africa stand in stark contrast to the prosperity of Advanced Capitalist Countries. Africa's place in the global community is defined by the fact that the continent is an indispensable resource base yet the poorest continent. Talking about war and conflict in Africa, it has been observed that between 1960 when most countries of Africa got independence and 1998, there are about 32 civil wars fought with over 7 million lives lost.

SELF-ASSESSMENT EXERCISE

Briefly describe the situation of Africa at the dawn of the 21st century.

3.2 Background to the Formation of NEPAD

The emergence of New Partnership for Africa's Development (NEPAD) formed in July 2001, is the latest in a long line of policy frameworks, intended to place Africa on a path of growth or development. Before NEPAD there have been several attempts by African leaders to provide the policy frameworks, which will serve as a platform and guide to African development. However, the African Continent had been littered with failed initiatives, development plans and programmes of action. Of note were the regional initiatives of the Lagos Plan of Action in the early 1980s, Abuja Treaty establishing the African Economic Commission (AEC) in the early 1990s. All these initiatives failed essentially because they were dependencies driven. African backwardness and development challenge was blamed on external forces thereby exonerating post-colonial elites; they also failed to consider issues of bad governance, corruption and accountability. In summary, these initiatives sought to externalise the sources of Africa's development crisis.

The process that eventually crystallised into NEPAD dates back to 1999 when, President A Boutefika, President Thabo Mbeki, President Obasanjo and President Wade, were at the time the chairmen of the OAU (AU) the Non-Aligned and the G77 respectively. They seized the opportunity of their unique positions to address the problems of peace, security, as well as poverty and underdevelopment in Africa. President Mbeki became the arrow head of Millennium African Recovery Plan (MARP); soon after, President Wade sponsored the Omega Plan. Following the directive of the OAU (AU), both initiatives were merged to form NEPAD.

Conversely, NEPAD is distinct from the rest because it addresses Africa's development crisis such as bad governance and leadership. In addressing the problem of bad leadership and governance crisis, NEPAD internalises the source of development. Hence, NEPAD, according to Audu (2008:211) can be defined as:

"The collective vision of African leaders is to resolve the crises of governance and development in their region in the 21st century". NEPAD is therefore, Africa's home grown economic reserve plan.
The Organisation of African Unity(OAU) (now African Union(A.U.), an umbrella body for independent African States endorsed and adopted the New Partnership for Africa's Development. This represents the latest attempt by African countries to promote economic and social development in this economically backward continent.

SELF-ASSESSMENT EXERCISE

Briefly trace the origin and emergence of NEPAD.

3.3 Objectives of NEPAD

The Objectives of NEPAD were designed to synchronize and regulate the Millennium Development Goals (MDGs). Essentially, the long term objectives of NEPAD is to eradicate poverty in Africa and to place African countries, both individually and collectively on the path of sustainable growth and development and thus halt the marginalisation of Africa in the age of globalisation. Talking about the prime aim of NEPAD, President Kaunda pointed that:

The prime aim of NEPAD is to foster closer economic cooperation with the developed world-works hand in hand with the U.S. Initiatives like African Growth and Opportunity Act (AGOA) which presents opportunities to African countries to access American Markets.

In addition, Isaac (2003:25) a member of NEPAD steering committee broadly specified NEPADs Objectives as:

i) to eradicate widespread and severe poverty; ii)to promote accelerated growth and sustainable development; iii)to halt marginalisation of Africa in the globalisation process; and,
ii) to restore peace, security and stability.

He summarised the objectives of NEPAD as constituting a bold and imaginative attempt to launch total war on the endemic problems of widespread poverty, severe underdevelopment, peace and security to Africa.

It is interesting to note that NEPAD seeks to achieve these objectives through a number of preconditions. One of these was that African countries must commit themselves, to the African Peer Review Mechanism (APRM). This was part of NEPAD's Democracy and Political Governance initiative.

SELF-ASSESSMENT EXERCISE

Briefly describe the objectives of NEPAD.

3.4 APRM Strategy

The declaration on democracy, political, economic and corporate governance also committed participating states to establish on African Peer Review Mechanism (APRM) to promote adherence to and fulfillment of its commitment. The Durban Summit adopted a document setting out the stages of Peer Review and the principles by which the APRM should operate. In 2003 the NEPAD Heads of State and Governments Implementation Committee in Abuja adopted a Memorandum of Understanding (MOU) on the APRM. It came into effect immediately with the agreement of six countries to be subject to the terms. Those countries that do not accede to the document are not subject to review.

In addition, the March 2003 meeting also adopted a set of objectives, standards criteria and indicators for the APRM. The meeting agreed to the establishment of a secretariat for the APRM and the appointment of a seven-person panel of eminent persons to oversee the conduct of the APRM process and ensure its integrity.

The APRM process is based on a self-assessment questionnaire developed by the APRM secretariat and is divided into 4 sections viz: Democracy and Political governance; Economic governance and management; Corporate governance, and Socio economic development. Its questions are designed to assess states compliance with a wide range of African and International Human Rights treaties and standards.

The APRM questionnaire was formally adopted in February 2004 in Kigali, Rwanda, by the first meeting of the APRM, made up of representatives of the Heads of States and Governments of all states participating in the APRM. APRM is designed to provide a system of tracking non state operations in the delivery of services and with the corporate sector both of national level and at a developed community level.

The mandate of APRM is to encourage conformity in regard to political, economic, and corporate governance, values, codes and standards among African Countries and the objectives in socio-economic development within the NEPAD. It is however a voluntary mechanism open to any A.U member. As at 2011, 31 countries out of the 53 African Countries had joined the APRM.

For effective performance of the APRM, it comprises of the following structures:

i) **APR Forum:** It is the committee of the Heads of States and Governments of the countries voluntarily participating in APRM. It is the highest decision making body. They appoint the APR panel, overlook the funding, discuss the country's reports and apply the peer pressure and transmit the report to the relevant A.U structures.

ii) **APR Panel:** It is the management and executive arm of the APRM that directs and manages its operation. They are appointed to oversee the review process, to ensure the integrity of the process, to consider reports, and to make recommendations to the APR forum. It consists of seven persons.

iii) **APR Secretariat:** The secretariat provides all the secretarial, technical, coordinating and administrative support services for the

APRM. The Secretariat is based in Midrand, South Africa, not far from NEPAD Secretariat.

iv) **APR Country Review Team:** They are appointed by the APR panel, one of whose members heads the team, and are constituted only for the period of the country's review visit. Their composition is carefully designed to enable an integrated, balanced, technically competent and professional assessment of the reviewed country.

v) **APR Focal Point:** This is a national mechanism set up by a participating country in order to play a communication and coordination roles. It serves as a liaison between structure and continental ones such as the APR Secretariat and the APR panel.

vi) **National Coordinating Structure:** Here, the actual implementation of the APRM at the national level happens.

4.0 CONCLUSION

In conclusion, it is imperative to state that NEPAD has observed correctly that Africa's contemporary development crises arises from deficit of leadership characterised by bad governance devoid of accountability and transparency. It is also bedeviled by personal rule, neo-patrimonial politics, prebendalism and corrupt practices. NEPAD's attempt at situating the development crisis of contemporary Africa internally is a good development and its strategy of APRM is a good policy framework in that it creates synergy between the various regional blocs in Africa, ECOWAS, SADCS, etc. These regional blocs are to provide and harmonise tariffs and customs regime to ultimately promote greater intra-regional trade.

The idea behind NEPAD therefore is noble, as it attempts to put Africa on a self-reliant path to development where the processes are owned by Africans themselves. However, while we appreciate this initiative as a giant stride aimed at pulling Africa away from the path of underdevelopment and dependency, what are its chances of success. Considering the fact that Africa's foreign debt profile is above $200 billion and the economy of most of African states is not only structurally shallow but heavily dependent on primary sector and monocultural; and how many of the national leaders have domesticated the policy focus of NEPAD and APRM at national levels. Above all, NEPAD is widely seen as idea that does not originate from Africa but part of the provision of what is referred to as the 'Washington Consensus' and the prescriptions of multilateral institutions as the best strategy to adopt for Africa's development.

5.0 SUMMARY

In this unit, attempt has been made to explore Africa's response to underdevelopment and dependency crises through the instrument of the New Partnership for Africa's Development (NEPAD) where the source of the contemporary development crises of Africa is traceable to bad leadership characterised by poor governance, lack of accountability and transparency. It also examined the strategy of Africa's Peer Review Mechanism (APRM) where some of these governance crisis identified are to be tackled.

You are expected to have understood Africa's response through NEPAD and the strategy of APRM to promote good governance, accountability and transparency in Africa.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe Africa's response to contemporary development crisis and explain the extent of successes and challenges.
2. What do you understand by NEPAD?
3. Mention the objectives of NEPAD and evaluate the efficacy of the instruments of APRM to the realisation of governance challenge in Africa.

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UNIT 4 CORRUPTION AND THIRD WORLD DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

The concept of corruption has been re-occurring topic of discussion among social students of third world countries. This unit therefore raises the premise of understanding corruption, not only as a social evil, but also as an overwhelming effect on the development or underdevelopment of Third World countries, in order to reduce our tendency to blame outsiders for our woes and to look inward to the socio-economic and political challenges facing us. After all, global capitalism has provided some of the advantages that other Third World countries in Asia and Latin America have gained, so why not Africa? This unit may also provide answers to this and other related questions.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- define corruption
- identify causes of corruption
- highlight dimensions of corruption in Africa
- discuss the impact of corruption on Africa development.

3.0 MAIN CONTENT

3.1 Meaning of Corruption

Although, corruption has been re-occurring in society ever since it only recently that it has only been given more attention. Corruption means a lot to different individuals hence the question of corruption means divergent things. Some see corruption as from perspective of bribery, kickback, favoritism, blackmail, theft, misappropriation and other vices in the social and working environment of daily routines. While most people quickly point their finger at the government and the authorities as the incarnation of corruption and apologize for the wrongdoing. The buck-passing may as well make it difficult for single definition to capture corruption, as the acts are better known and described than its definition; nevertheless, the following attempts are worth mentioning:

Corruption in general involves money laundering, theft of intellectual property and piracy, embezzlement, bribery, smuggling, looting including all sort of corrupt practices, illegal mining, illegal arms deal, human trafficking, and child labour, tax evasion, foreign exchange malpractices including counterfeiting to currency, open market abuse, prohibited goods, wastes, and dumping of toxic.

According to Khan (1996)
Corruption is any act which deviates from the rules of conduct, including normative values, governing the actions of individuals in a position of authority or trust whether in the private or public domain, because of private-regarding motives (that is nonpublic or general) such as wealth, power status, etc….

Obasanjo, (1995) asserted that corruption as an anti-social behaviour conferring improper benefits contrary to legal and moral norms, and which undermines the authorities capacity to secure the welfare of all citizens. Corruption is, therefore, the phenomenon that contravened the normal legal convention and shortcuts the benefits of many entities for few individuals.

The definitions above are based on the violation by government officials or agents for personal gain by the established rules of government and, therefore, corruption is an act of any state agent in the use of the resources for the purpose of self-agrandising or neo-patrimonialism. This is known as political corruption, and is different from other corruption like institutional corruption, individual corruption.

3.2 Causes of Corruption in the Third World

Although corruption differs from country to country, it is possible to identify some of the key common driving forces that generate it. The causes of corruption in the third world are myriad and apparent. However, greed has been the major motivating factor of corruption in third world countries. The Third World's historical past is characterized by European colonisers' practices that have changed the socio-political and economic systems of these nations. Naturally, colonisation did not allow the indigenous peoples to be open and responsible and the colonial conquest process was characterised by bribery and coercion, and the colonial position was often an incentive to white peoples to live in luxury and to treat indigenous peoples sub-humanely (Okeke, 2015).

Onimode (2003) recognises the building blocks of capitalism as a covetous element of corruption in the third world, as greed, individualism and selfishness. The survival of world capitalism was cited as the main impetus for corruption by primitive accumulation in the peripheral economies.

The phenomenon of corruption is strongly influenced by the political and economic environment. The more is the economic activity in the country regulated and limited, the higher the authority and the power of officials in decision making and the greater the possibility of corruption, since individuals are willing to pay or offer payment in order to avoid restrictions. A great potential for corruption is especially there where the officials are under the regulation given the opportunity to decide on the basis of discretion.

The institutional framework defined as instrumental to corruption by Klitgaard (2014) includes: the hegemony of authority on the part of officials; the degree of control that officials are permitted to exercise; and the degree to which accountability and disclosure structures operate within an agency. The monopoly of power by Third World officials is huge, especially with regard to infrastructure and the provision of sensitive documents. The same may also be said of the certificate of occupancy (CO) given to landowners requiring the permission of the Governor. The procedures leading to the signature of the Governor are most frequently burdensome-and certain officers extort the public's resources in order to move the files from one level to the other. The same is true of those who manage contracts, because bribes and kickbacks were part of the deals, as those people had the ultimate burden of signing these contract papers. In most cases, regulation is not enforced by due process as provided by statute and often the legislation is too poor to verify the government officials' actions (Okeke, 2015).

The institutional framework manifests as lack of professional ethics and deficient laws regulating corruption as a criminal offense, and the prosecution and sanctioning of it in third world countries. A great influence comes also from the ineffective sanctioning of corruption, which only increases the possibility of continuing the corruptive actions of those involved, creating at the same time a strong likelihood that others will join in the corruption due to this inefficient sanctioning.

Corruption also generates a lack of transparency and a lack of control by supervisory institutions. Therefore, where there is insufficient legal basis or sufficient political will to control, which enables a non-transparent functioning of both politics and the economy, corruption flourishes. Corruption is also affected by the extensive, non-transparent or incomplete legislation, where laws can be interpreted in different ways (for the benefit of the one who pays).

Poverty may not be directly responsible for corruption, but it fuels corruption in third world countries. Studies have shown that corruption is also strongly influenced by the low salaries of public administration employees (state officials), who are therefore trying to improve their financial position by receiving bribes, and consequently, the socio-economic situation of the government officials also affects the phenomenon of corruption. This is demonstrated also by Allen et al. (2018) in their study where they find that corruption arises because agencies, institutions and the government can no longer control corruption effectively due to underpaid officials, which is a problem especially in the developing countries, where they do not have the sufficient tax revenue to properly reward the local officials. However, low wages are not the only cause of corruption; the poor state of the public administration, which is a consequence of political "overcrowding" of officials, due to which loyalty usually prevails over professional standards, also strongly affects the corruption. As an important factor influencing corruption.

3.4 Corruption and Development in Third World Countries

There is nothing to be gained from the fact that corruption has remained the single biggest factor delaying the growth and development of the African continent despite the enormous amount of natural and human resources. Its adverse effect is felt in the educational, economic and socio-political domains.

The administrative capacity of third has not developed due to the recruitment of non-qualified members of the civil and public services. It affects their schooling, growth, and the capacity to handle their respective offices, which makes mediocrity the norm in the system and unethical practices and ego allegiance the criterion for advance against meritocracy. The sum is the consistently weak administrative structure and culture which, as expected from modern bureaucrats, can hardly anchor any complex envelope model. This is why the inadequate public services, especially in Nigeria, have become the hallmark across the continent (Okeke, 2015).

Economic impacts of corruption are simplified by observing the huge unemployment of skilled labourers, academics, exacerbated by an increasing flight from capital and the infrastructural deficiencies and decline caused by the long-term economic decline and their multiplier impact on monumental poverty problems such as homelessness, urban vagrancy and disturbing emigration.

The following are some of the ways corruption has threatened sustainable development in third world countries:

i. Non-institutionalisation of democracy, rule of law, human rights and Economic development.
ii. High incidence of prevalence of conflict, violence, crime, insecurity and instability due to antagonistic competition, inequality, poverty and lack of access to basic necessities of life.
iii. Erosion of values of hard work and integrity.
iv. Lack of access to productive opportunities and diverting energies of youth to crime, deviance, violence and sundry forms of anti-social behaviour.
v. Low foreign investment because of corruption induced bureaucracy and other obstacles.
vi. Lack of investment in the real sector by both foreign and domestic investors because of high profitability of contracts in service and supplies motivated by corruption.
vii. Dependence on foreign sources for goods and services resulting in under development of indigenous technological and productive capabilities.
viii. Leakages of national assets to foreign countries through money laundering and conspicuous consumption.
ix. Misallocation of resources towards programmes and projects amenable to corrupt practices.
x. Perpetuation of patron — client relationships that undermine democracy, efficiency in public and private sectors.
xi. High cost of doing business and low investment in productive sectors resulting to widespread poverty and unemployment, high prices of goods, low purchasing power resulting in low capacity utilisation by producers and manufacturers which in turn result to retrenchment of workers.
xii. Political ethno-religious and communal conflicts and violence as different groups in the society struggle to control state power as avenue for corrupt enrichment and ability to disperse patronages to their cronies, relatives and associates.
xiii. Loss of public trust and legitimacy by the government.

SELF-ASSESSMENT EXERCISE

i. What is your understanding of corruption? Explain with domestic examples.
ii. Outline and discuss briefly four causes and the impact of corruption in the Third Countries.

4.0 CONCLUSION

In the world of underdevelopment, and indeed in Africa, corruption remained the main factor. This leads to migration of capital, brain drain, political uncertainty and consumer base and distribution policy as well as economic decline and poverty which generate many negative underdevelopment indexes that can occur in these countries across the globe.

5.0 SUMMARY

In the Third World countries and indeed Africa in the unit we addressed the centrality of inequality in terms of underdevelopment. Corruption is generally regarded as any act which leads to a state agent or his associate's violation of confidence and personal benefits. In the socio-political and economic field of the Third World, and indeed Africa, we identify structural and regulatory factors that facilitate corruption and that manifest. We took a speech to correlate corruption to development in the African continent and concluded it was not compatible, as empirical evidence suggests overwhelmingly that corruption is antithetic to the Third World development.

6.0 TUTOR-MARKED ASSIGNMENT

With concrete examples discuss the impact of corruption on the development of any African country of your choice?

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UNIT 5 FINDING PROPER ROLES FOR THE STATE IN THE THIRD WORLD

CONTENTS

1.0 INTRODUCTION

There is a widespread awareness that everything is not well with the state of States in the Third World countries. That calls for finding a proper role for the state. The need to find a new role for state in development has become imperative considering the experiences with state led development in East Asia on the one hand and Latin America and especially Africa on the other. Developmental states have been spectacularly successful in promoting growth and development in a number of Asian countries in recent decades in contrast; they have largely failed in Africa.

In addition, the need to redefine the role of the state has become imperative because a huge majority of TWCs have failed to develop to walk successfully the odious path of progress laid out so considerably by the dominant school of the post-World War II and they have failed to develop viable nation states along the lines prescribed.

States in the Third World countries have evolved considerably since the late 1980s. In particular, the role of the state was rolled back in many places where attempts at state-led development had not been successful. At the same time, state effectiveness has remained missing ingredients in most places. Here, it is the design of this unit to gauge where states in Third World countries stand now and what should be their roles.
This unit shall therefore present the legitimacy and basis for re-thinking or redefinition of the role of the state and present a proper role for the state in promoting development in third world countries.

2.0 OBJECTIVES

By end of this Unit, you will be able to:

- state the justification for a redefinition of the role of the state in the Third World
- evaluate the proper role of the state in promoting development in the TWCs.

3.0 MAIN CONTENT

3.1 Justification for Redefining the Role of the State

With political independence came the onerous responsibilities for inexperienced leaders of the newly independent states of the Third World of addressing the promises made to the people during the nationalist struggle. They asked their leaders for a life free from poverty, hunger and diseases. They asked for schools, and other social amenities. But it is impossible to realise those things without substantial economic growth. Political independence had given the newly independent Third World countries the power to unlock the door of economic and social progress but the question is how they are going to approach it. For them, only organised and forceful action could bring them economic freedom. Accordingly, they proffered their solution cited in Offiong (2001:16) thus:

Their point of departure was Marxist, their rallying cry, neo-colonialism, and their argument that the colonial system had survived independence and was thriving through a variety of devices-economic alliances engineered between former dependencies and nations, support of puppet regimes frequently come to power through corruption, deliberate sabotage of efforts at genuine inter-African unity, economic infiltration through loans and capital investment, even direct monetary control over emergent states whose finances remained in the hands of time colonial powers.

In trying to answer the question of what role should the state play in development, Third World countries were guided by two dominant ideologies in the era of cold war- capitalism and socialism. Some leaders felt that political independence was a sham shielding continued colonial economic domination. The structural adjustment programme advocated by the multilateral institution with its capitalist or neo-liberal frameworks were not designed to help Third World countries overcome their economic and development problems. Instead, it seems to be a carrot and stick strategy to coerce Third World countries to open up their markets to the industrialised nations who themselves have not given up protection.

It seeks to coerce Third World countries to abandon their nationalistic policies and programmes. The failures of structural adjustment programme have compelled even the most dogmatic institutions to recognise the positive role the state can play in the process of development.

In the light of this, socialism, with its strong state control economy was the solution with the national wealth being made to benefit its citizens. Influenced by the prevailing development economics theories, Western educated Third World elite's views development as economic development that would enable their autonomy from the North, and sought strategies to rectify the causes of underdevelopment rather ameliorates its effects. The state therefore, was to embark on planning and regulation and though this, government could mobilise surplus production for investment, and foreign aid would be carefully scrutinised, to be accepted only where clearly consonant with the goals of national development.

The second strategy of development was the very opposite of the first. This group consisted of pragmatic, capitalist materialist that encouraged continued association with the erstwhile imperialist powers. This group was in romance with the modernisation who argued that western powers had the key to solving global inequality. They also favoured foreign assistance and other forms of aid from their former colonial master.

Today, the collapse of the Soviet bloc's centrally controlled command economy and the poor economic performance of the remaining communist nation which have largely abandoned Marxist economics have discredited the advocates of state dominated economies.

At the same time, no government embraces full laissez faire (allowing market forces a totally free reign with no government intervention). In the real world therefore, Third World governments must decide where to position themselves between the extreme poles of free market and a command economy. However, one choice for the TWC is contentions because of the following:

i) the fragile nature of many TWCs
ii) their high level of poverty
iii) their poor distribution of wealth and income
iv) their extreme dependence on International market forces
v) their enlarged natural environment
vi) many TWCs lacked a strong entrepreneurial class and substantial private capital for investment.

In the light of the above, state economic intervention traditionally has been more pronounced in Africa, Latin America and much of Asia than in the West. In recent decades, a world-wide trend toward neo-liberal economic policies has sharply reduced government economic intervention in both the developing and developed world. It is against this backdrop that Nandy (1999:264) has observed that state in these societies often looks today like some kind of specialised coercive apparatus or private business ventures.

Furthermore, the economic crisis of the 1970s, the demise of the theoretical armour for state intervention, the ideological hegemony of neo-conservatism in key funding institutions and donor countries. The palpable failure of development planning in many countries, stagnation and the crisis of accumulation- the socialist countries and the changing mood toward Third World countries and the cynicism of the development establishment about its counterparts in the recipient nations and all these pointed to government failures more insidious than the market failure that state policies had purportedly been designed to correct. However, although some of the argument against state intervention is based on an idealised and dogmatic view of markets, there is now widespread acceptance of market failure on the grounds of economies of scales, imperfect information, etc. While it is now admitted that the state has played a central role in the development of Asian countries, it is suggested that replication of the same is practically impossible in other Third World countries.

SELF-ASSESSMENT EXERCISE

Briefly describe the justification for or rationale for redefining the proper role of state in Third World countries.

3.2 Finding the Proper Role for States in Third World Countries

In thinking about development strategies for Third World countries, we must be able to blend the proper role of the state and market in the economy as a decisive factor. Finding proper roles for the states in Third World countries have become imperative because, state in the Third World today is the most demonised social institution, vilified for its weaknesses, it’s over extension, its interference with the smooth functioning of the markets. The state once seen as the cornerstone of development is now seen as the millstone around otherwise efficient markets and has become not only dysfunctional in terms of the management of larger societal issues but also by its withdrawal from state dominated economic and social space. The dramatic ascendancy of neo-liberalism; partly as a result of the rise and political triumph of capitalism over socialism created a formidable impetus for the need to rethink a new roles for the states especially in Third World countries. In addition, not only has the spectacular success of the East Asian Tigers led to re-reading and rethinking of the role of the states in the development process, but it has also raised the question of replicating.

According to Mkandawire (2008:4),
The general conclusion is that market failure so prominent in development economies is still a problem that warrants government intervention and that since such failures differs in intensity, scope and location, a selective set of interventions is required. The most significant lesson has been the central role played by a developmental state in the process of development.

Since the mid-1990s, another shift in understanding the role of the state in development has become perceptible arising from in large part on the recognition that there has been a very different experiences of state led development in a number of Asian countries, especially South East Asia that underwent rapid economic growth and a radical socio-economic transformation, moving from being poor agrarian societies in the 1960s to producers of high technology value added goods by the 1990s. The 1997 World Development Report (WDR) was thus dedicated to rethinking the state role in development and re-affirmed the position that the state is central to economic and social development.

Finding a new role for the state is predicated on the recognition of the development success of East Asia which has led to the thinking on what states should do to accomplish development. Their experience has shown that even market based economies require functioning capable states in order to operate and to grow. This justifies the position of the report of commission for Africa recognising state capacity and effectiveness as a key bottleneck in Africa's ability to meet the Millennium Development Goals (MDGs). The effectiveness of the state is a key and critical variable explaining why some countries succeed whereas others failed in meeting development goals.

The states in the Third World is called to intervene in order to remove class biases in access to public services and redistribute income and probably asset from powerful; social classes to those whose economic and political power is currently insubstantial. Finding new roles for states in Third World countries therefore, requires meeting the basic needs of the people which also implies lessening of the dependence of the Third World on the markets, capital and technologies of the industrialised; a greater potential for trade expansion among developing countries; an improvements in their terms of trade vis-à-vis the industrialised world; a reduced dependence on and role for multinational corporations and sophisticated technologies; a reorientation of development assistance.

A basic needs approach opens up the possibility of autonomous, self-sustained growth for the Third World. This strategy would thus appear to be a core potent means of realising the Third World demands for restructuring of the world economy than endless, protracted strikes, violence and civil unrest. In addition, promoting development especially in the present global economic order is as much a political as well as a technical problem. That is, the problem is that of mobilising the political will to undertake radical change, as well as one of appropriate planning, resource allocation, etc.

Two political prerequisites for basic needs approach is:

i. an effective, decentralised and democratic administrative structure to translate policies into dreams and actions; and,
ii. Mass participation in the development processes by the poverty groups.

According to Ghai *et al.* (2005) to find a proper role for a developmental state it must possess at least two essential attributes. These are:

i) the state must have the capacity to control a vast majority of its territory and possess a set of core capacities that will enable it to design and deliver policies
ii) the project must involve some degree of reach and inclusion and have an institutional long term perspective that transcends any specific political figure or leader.

4.0 CONCLUSION

The choice of which strategy and what proper role the state should play in development is contentious because of the fragile nature of many of the Third World countries, their high levels of poverty, their poor distribution of income and wealth, etc. Consequently, governments have to intervene to play some of these roles.

It is therefore not surprising that state economic intervention traditionally has been more pronounced in Africa, Latin America, and much of Asia than in the west with little or failed results. The problem associated with these failed states' intervention project was rooted in what can be described as state capture-where some powerful or influential interest groups used the state to foster their own interest and extract rents rather than to promote a developmental vision.

Finally, as difficult as the political and economic task of establishing such state may be, it is within the reach of many Third World countries struggling against the ravages of poverty and underdevelopment. By and large, in order to achieve all these hitherto mentioned, there must be true or advanced democracy in third world states. This is because promoting democracy is the most effective way of advancing technology and national interest. Democracy is all about meeting the needs of the people, so if election to leadership positions are not manipulated and the people's will prevail, those elected to public offices will definitely serve public good.

5.0 SUMMARY

In this unit, attempt has been made to discuss the rationale for redefining the role of the state in development. It has also been stated that because of the fragile and peculiar nature of states in Third World countries, identifying proper roles for state is contentious but however conclude that if states are able to meet with some conditions, they can perform their role in the development of Third World countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the proper role of state in the development of Third World countries.
2. State the justification for a redefinition of the role of the state in Third World countries.
3. Mention and explain why it is difficult to replicate the Developed World development success story in other states in the Third World.

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MODULE 5 AFRICA'S RESPONSE TO DEVELOPMENT CRISIS

INTRODUCTION

This module is mainly an introduction to Africa development policy with particular emphasis on issues in Nigerian politics and nation building. Emphasis is laid on the Nexus between democracy and development in the Third World; the Third World and democratisation process; and the Third World and the challenges of Governance. The module will enable students to know whether democracy is a means to an end or an end itself. Students will be exposed to the debate on whether Nigeria or/and other third world countries need democracy first or development later.

UNIT 1 THE NEXUS BETWEEN DEMOCRACY AND DEVELOPMENT IN THE THIRD WORLD

CONTENTS

1.0 INTRODUCTION

The second half of the 20thcentury was characterised with the most dynamic Third World countries' economies typically governed by authoritarian regime. Almost all of Asia's most impressive economic miracles transpired under authoritarians or semi authoritarian developmental state. It is against this development that some have argued that authoritarian governments are better equipped to control wage demands from labour and to impose development plans. However, for every authoritarian success story, there have been several economic disasters, corrupt dictatorship throughout Africa, the Middle East, Central America, and the Caribbean have plundered their country's limited wealth and used the economy to reward their political allies. To this end, this unit will enable student students to understand whether democracy is means to an end or an end itself

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- trace the origins and models
- describe the foundation of the democratic State
- discuss good governance as an essential ingredient of democracy,
- determine whether democracy should come first and development later.

3.0 MAIN CONTENT

3.1 Foundation of a Democratic State

Democracy as a system of governance has tenets which are not only universally recognised and been propagated by proponents of democracy in the international system. The answer to the question whether democracy is means to an end or an end itself, largely depends on how these tenets are instutitionalised and operated in any political system. To start with, political party is bedrock of democratic. It is a building block when individuals and groups political aspiration are articulated and aggregated. This could be possible when the political actors institutionalised these tenets which include-: periodic election-of which it conduct should reflect the wishes and preferences of the electorates; guarantee of civil liberty-where the civil society have the freedom to question government on issues of development regarding it policies and programmes with unlimited freedom of expression and association of citizens; independent of the judiciary is not only necessary but crucial for sustenance of democracies and as well as adherence the doctrine of the rule of law. Basically, the essence of these tenets is to ensure the institutionalization of the culture of good governance, because good governance is a key to the well-being of citizens of any political system. And the next segment of this section discussed why good governance as an essential ingredient of democracy.

The issues of good governance have dominated democracy and development studies literature since the 1980s when the wind of democracy started blowing across the new states of Africa and South America. This may not be unconnected to the fact that good governance has also become a highly priced commodity by actors in government.

Good governance forms the bedrock of general development in a country, eradication of poverty, hunger, provision of quality education and respect for human rights.

Good governance has the features of participatory, transparency and accountability in government. It has been empirically demonstrated that the absence of good governance results in snail speed development, lack of transparency and accountability, escalating hunger, illiteracy and human rights abuses. The extension of the above is frustration and aggression which breeds various conflicts (Agidi, 2018). Africa has been noted to be suffering from the absence of good governance which provides veritable causes of the underdevelopment crisis in Africa. There is a clear causal effect and linkage between the absence of good governance and development. The causes of the development crisis in Africa are traced mainly to the absence of good governance (Agidi, 2018).

Good governance is one of the issues that have gained prominence in modern development literatures Okolo and Agidi (2018) noted that the concept of good governance has occupied enormous space in development literature especially in democratic nations where the citizens has voted willingly for representatives to represent then in various capacities. Good governance as the running of the affairs of government in positive and progressive manner beneficial to the governed and which delivers the public goods (Shedrack, 2007). The World Bank (1989) in its document on Sub-Sahara conceptualised good governance using four key parameters namely public sector management, accountability, legal framework for development and transparency. Also the World Bank (1992) gave further clarifications on good governance to mean the manner in which power is exercised in the management of a country's economic and social resources for development. Agidi (2013) opined that good governance means the ability of a government to maintain peace, guarantees law and order, create condition necessary for economic growth and ensures a minimum level of social security.

The UNDP (2002) viewed good governance as striving for rule of law, transparency, equity, effectiveness, efficiency, accountability and strategic vision in the exercise of political economic and administration authority. Kola et al (2017) stated that good governance by implication is when the government can carry out the activities that can ensure the good of all the citizens in the society.

3.2 Democracy First, Development Later?

In the academic world, the links between democracy and development have studied and discussed for decades (Ake, 1996; International

IDEA2011; Anna 2013). Thus, it has been debated whether 'development first and democracy later, or nations should seek democracy first then development comes later. In a specific manner, Carothers and de Gramont (2013; 207) pinned that there are three perspectives to this debate:

(a) The democracy governance Camp, which they can be importance of democratic governance for development;
(b) the development state camp, which believes that the developmental State comes first and democracy later; and
(c) the multiple camp, which emphasis politics but also highly context-specific paths to development.

All the above views are subject to debate and their proponents have argued. Thus, the view in the development State camp is that the key to rapid growth and economic transformation is centralised decision-making, a commitment to development, massive investment, and an autonomous and capable bureaucracy (Anna,2013). Taking Anna's submission, the proponents of this view believe that a centralized decision-making system of governance create the conducive environment for owners of capital to invest the economies. In other words, provided governance create development driven atmosphere for massive investment, the wealth will be controlled by the virtue of the centralised decision-making, the dividend of the conducive of economic environment would triple down the masses. And as such, democracy strives better in economic developed countries than less economic developed countries. It is against this premise that Anna (2013:29) contends that:

This is builds on the tremendous developmental successes of Asia countries, such South Korea, Taiwan and Hong Kong, from this perspective, countries centralised power and kicked off development. Similar patterns can be found in China, Ethiopia, Rwanda and Vietnam. In fact, the development success of China provides a strong new argument in of this approach.

Another proponent of this approach, Khan (2013) argued that emphasis should be on the importance of investment and new technologies to development rather than political goals, simply to democratise a nation. This scholar underlines the need for collective actions and State efficiency rather than democracy. In other words, investment in economy and technological advancement lends to development not necessary democracy. Using the China and South-East Asian countries' success story as a recipe, to the proponents, development comes first and then democracy comes later.

Other scholars who have argued in favour of this approach are Ochoga and Shishi (2015). These scholars averred that democracy ideally has essential recipes to course development but it applicability is completely depended on the willingness of political actors. This implies that to achieve political goals, the actors must be visionary and nationalistic. To them, democracy does not automatically guarantee development. This is why Ochoga and Shishi (2015) concluded that democracy is antithetical to unilateral decision-making, and centralised decision-making has evidently proven in China and else-where to be catalyst for development. No wonder, Boroth (2012:19) argues that:

The barriers to growth in Africa are clientilistic political systems with problems of collective action. Research on service delivery in several countries shows Rwanda to be effective with its up-down, disciplined approach. There is a reluctance towards, which is seen as a stand in opposition to the powerful, politically neutral State devoted to growth.

From the foregoing analysis, the basic approach of the multiple path camp can describe 'politics is important, but must be organised according to the situation'. That is why Carothers and de Gramont (2013) described the Camp as seeing governance as a critical factor in development, but also no single best model exists. Carothers and de Gramont (2013:2) specifically contend that 'development has been achieved by different governance systems, and the best one for any particular country will vary'. In other words, no particular system of governance is an essential recipe for development. This could be why this camp advocates that economic growth comes first and democracy later.

The perception is that, only once there is a middle class-creating growth and creating through investments can democratic transformation take place. Before that democracy could be even harmful (Anna, 2013). This could be the reason why Oteh (2019:4) argues that 'poverty and ignorance are critical threat to democracy in Nigeria'. In practice, political goals have remained separate from socio-economic development programmes. This is fundamental difference between policy and practice is explored to be the thrust of this thesis.

Accordingly, there is a case for democracy in that citizens across the world want it. There is a case for democracy in universal normative instruments. There is a case for democracy in academic studies of aid. Nevertheless, the 'developmental State' camp sees to rule in practice, often underpinned by references to China, Vietnam, Ethiopia and Rwanda. This situation begs the question, if there is a case for democracy's ability to deliver on development.

In this regards, Anna (2103) made a case for democracy whether or not it delivers. Reacting in affirmative to Anna's question, democratic governance is not an end itself, but means to an end. In other words, democracy as a system of governance has some inherent ingredients (tenets) that are typical to course political actors to formulate policies, make decisions and utilise commonwealth for the greatest happiness of all and sundry. Therefore, the actuality and the extent to which democratic states have achieved this claim is the angle in which the proponents of development first have a case against democracy.

Also, there is strong empirical evidence that counters the case for authoritarian state development. In the area of the ensuring of human welfare, there is a positive story to tell of the links between democracy and development. Several studies have shown that democracy delivers economic and social benefits for citizens. This is not to only true for developed economies, infact, poor democracies outperform poor autocracies in delivering services and human well-being (Siegle, Weinstein and Halperin, 2004). Specifically, Siegle, Weinstein and Halperin, (2004:1) assert that:
Data on low income countries from 1960-2004 shows that, poor democracies grow as rapidly as poor autocracies. Outside Eastern Asia, the median per capita growth rates of poor democracies have been 50 percent high autocracies. Moreover, the risk that poor autocracies will experience serves as economic contradictions twice that of poor democracies.

The foregoing submission by Siegle, Weinstein and Halperin (2004) suggest that democracies stand the chance to do better development wise than autocracies. This could be the reason why it is believe that democracies are far better at avoiding development catastrophes (Ochoga and Shishi, 2015). A classic example was put forward by Sen (1999:1), who averred that 'no democracy with free press has ever experienced a major famine'. Although, Sen (1999) failed to interrogate further whether or not starvation could be an effect of the poor politics.

4.0 SUMMARY

In this unit, attempt is made to explore the link between democracy and development with a view to unraveling the ambivalence surrounding them, particularly as regards their relationships. Within the context of the TWCs particularly Africa, we have argued that democracy remains a real harbinger of development.

5.0 CONCLUSION

Be that as it may, none of the these studies or the finding are undisputed, but them shown considerable empirical support for the view that democratic (politics) on top of being desirable in terms of human rights and the rule of law, certainly not development at large. To this end, Ochoga and Shishi (2015:1) sufficed to say that ‘if there is an express positive correlation between underdevelopment and democratic regimes, then most African countries would be been among the most developed countries in the world’. On the contrary, these scholars were quick to bequeath democratic regimes to the antiquity of non-development driven museum, without recognising the most countries in Europe and America, even in Australian have attained sustainable developmental status under democratic regimes.

From whatever camp or perspective one may view the argument from, democracy and development are both about the politics. And as such, both work better when politics is less inclusive and less extractive. It is as a result of this premise that Acemoglu and Robinson (2012:1) posit that:

Many countries that show all the trapping of procedural democracy are still haunted by grossly extractive politics, characterised by politicians who play every tricks in the book when it comes to political manipulation of the State and society.

From the above argument as put contended by Acemoglu and Robinson (2012), perhaps the most essential of these challenges is the relationship between political corruption and the state of democracy. Consequently, Africa may peculiar developmental needs, but political realities vary from countries to countries. The realities are reflection of their political culture, and the nature and character of the political culture, to a large extent shapes the impact of democracy on development of their countries.

At this juncture, this premise takes us to admit that governance is crucial to development outcomes. Every system of governance be it democracy or autocracy has political culture. The countries that have attained development under authoritarian regimes achieved that not by autocratic magic, but by domesticating and institutionalising the culture of governance that is development- driven. That is what political scientists referred to as political well. Absence of this political well even in democracies will make development to be an illusion. That is why study is the opinion that, in as much as democracy has what it takes (the tenets) to facilitate development, it actualisation largely depends on the willingness of the political actors. In other words, democracy is means to an end, but not an end itself, this could be why Ake (1996:18) argues that 'the main obstacle to development in Africa is political. The point is not so much that the development project has failed, but has never got started in the first place.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by the notion of democracy?
2. Is democracy a means to an end or an end itself? Discuss.
3. Do Nigeria and other third world countries need democracy first or development later? Explain.

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UNIT 2 THIRD WORLD AND DEMOCRATISATON PROCESS

CONTENTS

1.0 INTRODUCTION

It is instructive to note that the politics of the last half of the 20th century and the first decade of the 21st century is not only remarkable but constitute unifying and accelerated processes of democratisation in the world. This phenomenon and its highlights were symbolised in the defeat of fascism at the end of World War II, as well as the rise of antiimperialism and nationalism in the Third World resulting into the achievement of political independence of these countries in the 1950s, 1960s and even 1970s. The collapse of the defunct USSR, which also marked the triumph of capitalism over socialism, as well as the more recent rise of popular protests and favour of democratisation across the globe tends to indicate that the growing scope and relevance generalisation in world or global affairs. This unit therefore, is an exposition of democratisation process, its evolutions and relationships with Third World countries. This has become imperative as some have argued that democratisation is motivated or pushed by external donors who now link it to practical conditionality.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- discuss the concept and features of democratisation
- describe both external and internal factors that motivated it
- explain the impact of this wave on third world countries.

3.0 MAIN CONTENT

3.1 Understanding Democratisation

Democratisation generally refers to a process of moving or a transition from an authoritarian system to a democratic political system. It embodies a transition, beginning with the dissolution of an authoritarian rule and consolidation for an enduring democracy. According to Nwabueze (1993), democratisation must involve concerted effort to instill the spirit of liberty, democracy and social justice in the people. In more specific terms, Nwabueze (1993:3) added that democratisation must involve the following twelve things:

i) multiparty system under a democratic constitution having the force of supreme, overriding law;
ii) a complete change of guards and the exclusion of certain other categories of persons from participation in democratic politics and governments;
iii) a genuine and meaningful popular participation in politics and government;
iv) a virile civil society;
v) a democratic society;
vi) a free society;
vii) a just society;
viii) equal treatment of all citizens by the state;
ix) the rule of law;
x) an ordered stable society;
xi) a society infused with the spirit of liberty, democracy and justice; and,
xii) an independent self reliant, prosperous market economy.

Democratisation, according to Osaghae (1999:5) is the process of establishing, strengthening or extending the principles, mechanism, and institutions that define a democratic regime. In another instance, Potter (2000:368) defines democratisation as:

A political movement from less accountable to more accountable government from less competitive (or nonexistent) election to fuller and fairer predicted civil and political rights, from weak(or nonexistent) to continuous associations to more numerous associations in civil society.

Democratisation can simply defined as the process of entrenching democracy.

From the definitions above, democratisation implies a process of getting to a stable or consolidated democracy or transitional process. It is therefore, instructive to note that a democratic regime is the ultimate goal of democratisation and the extent to which democratisation establishes these elements determine the extent of its success or failure. The process of transition from a military or authoritarian regime to a democratically elected government may be described as a process of democratisation. However, it is instructive to note that transition to civil rule as important as it is, and even constitute a prerequisite to a transition to democracy but democratisation goes beyond that.

It involves the operation and institutionalisation of democratic principles, values, structures and processes leading to a fully sustainable democratic form of governance. Democratisation encompasses full operation of civil and political rights, as well as, effective political participation in policy, making through workable democratic institutions and redistribution of economic resources to enhance the political, social and economic empowerment and equality among the citizenry. Democratisation also involves liberalisation of the processes of governance through an active participation of civil society groups.

The ultimate of democratisation process is the consolidation of democracy. This can take place only when democratic institutions, practices, and values have become deeply entrenched in society. Democratic consolidation is a process through which democratic normsthat is- democratic rules of the game become accepted by all powerful groups in the society including businessmen, labour, religious groups, the military and no important political actors contemplate a return or reversal to dictatorship.

It is consolidated when it becomes, according to Linz and Stephans (1996) the only game in town, even in the face of severe economic or political adversity. According to Linz and Stephan (1996:15-16):

Behaviourally, democracy becomes the only game in town when no significant political opposition seriously attempts to overthrow the democratic regime or to promote domestic or international violence in order to secede from the state…Attitudinally, democracy becomes the only game in town when, even in the face of severe political and economic crises, the overwhelming majority of the people believe that any further political change must emerge from within the parameters of democratic procedures. Constitutionally, democracy becomes the only game in town when all of the actors in the polity become habituated to the fact that political conflict within the state will be resolved according to established norms and that violation of these norms are likely to be both ineffective and costly. In short, with consolidation, democracy becomes routinised and deeply internalised in social, institutional and even psychological life as well as in political calculations for achieving goals.

The above implies that democratisation involves the process of achieving broad and deep legitimation to the extent that all stakeholders and political actors (both political elites and the masses) believe that democratic system is better for their society than any other system or political regime and must be ready and willing to contain and contend with several constraints to democratisation process.

3.2 Waves of Democratisation and the Third world

Third world countries have played a significant role in the world's most sweeping transition from authoritarianism to democracy. There can be no denying the fact that the worldwide trend towards democracy since the 1970s has been palpable. Samuel Huntington (1991) noted that the current surge of democratic expansion is, in fact, the 'third wave' that the modern world has experience since the early 1800s. In each phase, democratic political forces and intellectual trends in key countries had a contagious effect on other nations.

The first democratic wave (1828-1926) by far the largest began under the influence of the American and French Revolutions (as well as the Industrial Revolution) and ended not long after the end of World War I. Change was largely confined to Europe and to some few former British colonies.

The second democratic wave, much shorter wave (1943-1962) was precipitated by the struggle against fascism during World War II and the subsequent collapse of European colonialism in Africa and Asia. In this period, democracy was introduced to a number of Third World countries, but in most cases, the new governments at best only met standards of electoral democracy.

The recent Third wave (1974-date) is the most popular and has drawn our attention because of its pervasive and seemingly lasting reverberations in Third World countries. The third wave transitions were so dramatic in the former Soviet Union and its European Communist allies. This wave of democratisation continued into the start of the new century with some notable setbacks in some Third World countries. At the close of the 20th century, Nigeria also restored to democracy on May, 29, 1999. It has been observed that as at 1974, only 27.5% of the world's countries allowed free and fair national elections. But by 1996, that proportion had risen to 63%.

The recent Arab Spring in North Africa and Middle East cannot be overemphasised as it could serve as a trigger for further democratic reforms in Third World countries which has the tendency to shape the future of democracy in these countries. The unprecedented popular protests in North Africa, demanding for greater political freedom, human dignity and economic opportunity that captivated world attentions in 2011 and the subsequent resignation of long time autocrat in Egypt and Tunisia and the toppling of the Gaddafi regime in Libya and a shift towards a constitutional monarch in Morocco have the tendency to reshape statecitizen relation in the long run especially in other already democratic state. The Arab uprising may generate some spillover effects to other countries.

One of the greatest lessons from the Arab spring is that democracy is not bestowed but earned by the citizens. Once initiated, it is not passive citizens or self-perpetuating governance model but one that requires the active engagement of citizens. Arab spring has instigated changes in expectations that Third World countries must own and control their government. The geo-political implications of the revolution have drawn the region into a global attention. The regional unrest has not been limited to the countries of the Arab as it has spread to neighbouring countries. The bid for statehood by the Palestine at the UN on 23 September 2011 is also regarded as drawing inspiration from the Arab spring after years of failed peace negotiations with Israel. The 15 October 2011 global protests and the occupy Wall Street movement which started in the United States and has since spread to Asia and Europe drew direct inspiration from the Arab spring.

Across Arab countries, Arab revolution have led to a new balance between social forces, as well as a new found awareness of the importance of working together. It has also ignited how difficult if not impossible it is to impose custodianship over state institutions. The Arab revolution can therefore be said to have commenced a new era that severs relations with authoritarian regimes and lays foundation for rule based on institutions representing the majority’s choice and aspirations.

SELF-ASSESSMENT EXERCISE

i. Define democratisation and mention some of its basic characteristics.
ii. Discuss the various waves of democratisation known to you.
iii. Describe external and internal factors that gave rise to democratisation process in Third World countries.

4.0 CONCLUSION

In conclusion, it is instructive to note that until recently, most imperial viewpoints championed by multilateral institutions tend to promote the impression that politics ought to be, and remain divorced from economies. But after decades of consistent failure of various development processes advanced by these institutions and imposed on TWCs, they have finally come to advocate democratisation with its neoliberal policy as the most required conditions for TW development; in addition to being the major defenses against the consistent tendency for foreign imposed economic policies and programmes.

5.0 SUMMARY

This unit has attempted to look at the concept of democratisation in its historical evolution and trends as it affects Third World countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the concept and features of democratization.
2. Identify the various waves of democratisation process and explain its impacts on the Third World countries.
3. Discuss both external and internal factors that motivated democratisation process in Third World countries.

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UNIT 3 THIRD WORLD AND THE CHALLENGES OF GOVERNANCE

CONTENTS

1.0 INTRODUCTION

The concept of good governance has developed in the practice of relevant international organisations and some donor governments as a guide for rebuilding and reforming government structures. Hence, the international community has increasingly accepted good governance as the standard for democratic rule and consolidation and overall development of a country, especially Third World countries. The good governance agenda emerged in the 1990s out of a growing concern about the detrimental impact of state capture and other forms of distorted state interference on state capacity and developmental effectiveness. Out of a growing concern about this detrimental impact of a rent seeking, prebendal and klelptocratic state and its effect on state capacity to perform, the World Bank and International Monetary Fund (IMF) and donor agents in the 1990s began to emphasise the importance of governance or the way in which government and power are exercised.

One serious challenge that continues to be a source of concern to the post independent states of the Third World Countries (TWC) is the crises of underdevelopment. Even though development literature is replete with a plethora of diverse and divergent attempts to explain the origin, nature and character of the crisis; contemporarily, the World Bank sees it as the crises of governance. Until the early 1980s, when a considerable number of TWCs came under IMF/WB prescriptions, the dependency and modernisation perspectives jostled for dominance. By the end of the decade, coupled with the collapse of the former USSR, neo-liberalism championed by the IMF/WB emerged as the triumphant political and economic philosophy in the development literature of the TWCs, with their insistence on good governance.

It is against this background that this unit seeks to critically examine the extent to which WB/IMF's insistence on good governance is consistent with other policy framework required for TW countries developments or underdevelopment crisis.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- define governance and good governance
- explain whether neo-liberal policy platform of good governance will promote Third World countries' development or not.

3.0 MAIN CONTENT

3.1 Understanding Governance and Good Governance

Even though governance and government have the same etymological root, governance as a concept is much broader than government. This is because it encompasses the process of carrying out the activities of government. The definitions or meaning of governance vary, depending on who is defining it, and the interest he/she represents. However, according to Jeff Huther and Anwar Shah, (2005:40)

Governance is a multifaceted concept encompassing all aspects of the exercise of authority through formal and informal institutions in the management of the resource endowment of a state.

This line of argument is shared by a recent World Bank study that argues that:

Governance is the manner in which public officials and public institutions acquire and exercise the authority to provide public goods and services, including the delivery of basic services, infrastructure and a sound investment climate.

Despite the multiplicity of conceptual views arising from multidimensional approach to it, almost all the definitions share two broad practical implications. These are how we approach poverty reduction and development. These are: i. A governance perspective helps us to systematically think of a range of formal and information institutions, structures, organisations, and stakeholders and their interdependent relationships and linkages in the context of public policymaking and their implementation as well as improving government performance and service delivery. In a well-functioning governance system, each group has capacity to and helps create accountability relationships which ensure that a government provides public goods and services; public policy serves broad public interests as opposed to narrow individual interests; a check and balance mechanism control. On the other hand, in a weak governance system, groups lack capacity and accountability relationships do not exist.

The concept of governance has another important practical dimension. As an interdisciplinary and cross sectoral concept, governance plays an important role in the development process of the Third World countries. Governance is a variant of the political economy with politics dictating the pace of the economies while the latter sustains the former. The growing concern about the centrality of governance as a key variable for the explanation of underdevelopment and dependency of the TWCs acknowledges the primacy of politics as prerequisites for development. Governance is not a new expression in development studies and literature as it generally refers to the task of running a government or any other organised entity. The concept was popularised in the literature on development which sees the crisis of development of Third World countries especially Africa, as the crisis of governance.

According to Boeninger (1991.6), Governance refers to the good government of society. Good government according to him therefore guides the country along a course leading to the assigned good-development.

The term good governance describes government performance in relation to internationally established norms (or best practices), including freedom to organise political parties, holding public rallies, holding regular free and fair elections, upholding media freedom, respect for the rule of law, etc. In a nutshell, the notion of good governance refers to the smooth running of democratic institutions in any given country.

Good governance can be defined broadly as the responsible use of political authority to manage a nation’s affairs. It is often treated as a basket of many practices: a professional civil service, diminution of corruption in government, a predictable, responsible and responsive, accountable and transparent administration, democratic decision making, the supremacy of the rule of law, independent judiciary, among others.
The most popular definition that has gained worldwide acceptability is the one given by the World Bank that sees governance as the exercise of political power to manage a nation’s affairs (WB: 1989:50).

The concept of governance is usually prefixed with the adjectival word good. The implication of this is that governance can be qualified good or bad depending on who is defining it. Hence, the definition of what good governance means is somehow tricky as what is good for one person, country, nation and organisation may not be the same for others. But according to Okpaga (2011:378),

Good governance is the process through which a state's affairs are managed effectively in the area of public accountability, responsiveness and transparency, all of which must show in the interest of the governed and the rulers.

SELF-ASSESSMENT EXERCISE

Briefly discuss the concept of governance and good governance.

3.2 Good Governance and Third World Development

At the heart of any progress or meeting development goals is the quality of governance. In general, there are at least five fundamental principles of governance that should guide a process in the pursuit of development goals:

i. *Accountability*. Accountability implies probity, efficiency and effectiveness in resource management, public goods and service delivery. It also refers to government responsibility to explain its activities and responsiveness to the needs and values of its citizens.

ii. *Transparency*. Transparency is about openness to public scrutiny and clarity in the decision making process in a government. It often refers to various measures of public information disclosures and access such as freedom of information acts and administrative procedure acts.

iii. *Participation*. Participation is another key element of good governance. It implies citizens' engagement and empowerment in the decision making process. It underscores that everyone has fundamental rights to be recognised and their voices heard in policy making and implementation process. Participation is critical to improving efficiency, effectiveness, and sustainability of public service delivery and development projects.

iv. *Social equity*. Social equity implies the fair, just and equitable management and distribution of public services and resources. It also means that government and its services should treat all people, groups and regions regardless of age, gender, cultural or ethnic backgrounds as equals.

v. *Rule of law*. Rule of law concerns the consistency, predictability and transparency of the law. It means that a country's formal rules and regulations are known to the public, equally applied to all citizens, and enforced in a predictable manner through transparent procedures.

In a similar vein, UNDP (1997), in examining the characteristics of good governance states that good governance is, among other things, participatory, transparent and accountable. These constitute the core elements of good governance.

It is imperative to understand good governance not only as a means to enhance existing approaches to development and poverty reduction but also as a vision of development itself. It is therefore increasingly adopted as postulated by the WB/IMF that good governance can enhance economic development. The World Bank (1989) effectively introduced the notion of good governance as a precondition for reverting Africa's crisis of development. The study further goes ahead to specify a set of policies which is closely related with governance as sponsored by neo-liberal scholars. Such policies include reduced state intervention in economic decision making, reduced public sector and more efficient transparent public sector administration, elimination of unnecessary public sector subsidies. World Bank (2003) expanded the conceptualisation of good governance in a publication titled: Better Governance for Development in the Middle East, and North Africa and gave a detailed component of good governance. Here the World Bank contends that:

Governance consist of the exercise of authority in the name of the people while good governance is doing so in ways that respect the integrity and needs of everyone within the state (World Bank, 2003:25).

In the light of this definition, good governance rests on two core values Inclusiveness and Accountability. Inclusiveness means that all citizens are equally guaranteed certain basic rights including equality before the law and the right to participate in the governance process on equal basis. Conversely, it means absence of exclusion and discrimination in all citizens' dealings with government.

Accountability in governance process on the other hand, according to (WB 2003:26), refers to the idea that those who are selected or elected as the case maybe to act in the name of the people and answerable to the people for the failure, as well as credited for their success. Expanding the concept of accountability further, WB identified two major cornerstones on which accountability rests. These are contestability and transparency. Contestability denotes that citizens should have choices among government leaders, policies and agencies, while transparency encapsulates citizens' rights to regular and periodic information or what public officials are supposed to be doing, what they are actually doing and who is responsible.

The issue of governance centres on the political, economic and corporate decisions. Nigeria, like most of the Third World countries had since 1986 attempted to join the global economy by implementing the structural adjustment programme, as prescribed for it by the IMF/WB which has brought a lot of hardships on the people. The economies of the Third World countries have worsened due to the unfriendly economic policies prescribed for these countries by the WB/IMF.

One of the notorious conditionalities that the WB/IMF imposed on Third World nations, whether seeking their assistance or not, has been not to offer subsidies to the potentially productive and technologically driven sector of the economy. The implementation of structural adjustment programmes in Nigeria, like other Third World countries, negates good governance in a fundamental way. It replaces government accountability to the people with accountability to WB/IMF. As Akokpari (2001:92) sees it:

It is this tendency of neo-liberal state to become unaccountable to its people that make SAP antithetical to democracy. He added, adjustment may prove inimical to democracy in the sense that it positions the states in a corner where they become more responsible and accountable to International Financial Institutions (IFIs) rather than to their own constituencies. The states are subject to international creditors who dictate details of economic policies, including the financial allocations to departments in the national budget. In this regard, not only does SAP truncate democracy but they also atrophy state sovereignty.

With regard to accountability and transparency, neo-liberal policies have made Third World countries to be more accountable to the IMF/WB.

SELF-ASSESSMENT EXERCISE

Briefly explain how good governance has conditioned the underdevelopment and dependency of Third World countries.

4.0 CONCLUSION

From the above, we have attempted to explore the link between the World Bank inspired implementation of neo-liberal policies and the demand for good governance in the Third World countries. Our analysis suggests that while the IMF/WB seeks to promote good governance in the Third World countries, the implementation of neo-liberal policies paradoxically undermine good governance and democracy and consequently truncate development and keep TWCs perpetually dependent and underdeveloped.

5.0 SUMMARY

This unit has attempted a discourse on the concept of governance and good governance and established the link between good governance and the Third World countries' development in order to prove how the neoliberal policies espoused by the IMF/WB and its attendant demand for good governance as a precondition for aids, loans and grants has kept the TWC perpetually underdeveloped and dependent. It also states that governance can be good according to the WB/IMF, if it has the basic ingredients of what makes a system acceptable to the generality of the people not minding its implications on Third World countries.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe the relationship between good governance and Third World Development.
2. Explain what you understand by the term governance and good governance.
3. To what extent can neo-liberal policy platform of good governance promote Third World countries' development?

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UNIT 4 FOREIGN AID AND DEBT CRISIS IN THE THIRD WORLD

CONTENTS

1.0 INTRODUCTION

We live in a global economy once often dominated, as in the 1920s, by International Financial Capital. It has been observed that before 1970, 90 per cent of all international investment was accounted for by trade and only 10 per cent by capital flows. Today, despite a vast increase in global trade, that ratio has been reversed with 90 per cent of transactions accounted for by financial flows not directly related to trade in goods and services. The accumulation of external debt is a common phenomenon in Third World countries, at the stage of economic development where the supply of domestic savings is low, current account payments deficit are high, and imports of capital are needed to augment domestic resources.

In this unit we shall look at foreign aid as an important concept in international economic relations more so as it relates to the undeveloped world. The unit seeks to provide an insight into the basis or justification for foreign or external loan and consequent debt burden and how it has conditioned the dependent and underdeveloped nations of the Third World.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- discuss the perspectives associated with foreign aid
- describe debt crisis
- explain the implications of debt crisis on third world countries.

3.0 MAIN CONTENT

3.1 Nature of Foreign Aid and Debt in Third World Countries

Foreign aid is the material and immaterial financial help which a country in need receives from another country, country and/or international aid agencies. Foreign support is provided in a range of ways and is used for a number of purposes. Some assistance involves clear financial subsidies, some concessional loans and some shared technical expertise. Official Development Assistance (ODA), most of the bilateral foreign aid-that means money flows from one country to another directly. A further growing proportion is now being channeled into global intergovernmental organisations, such as the World Bank. The aim of the aid is to reduce poverty through economic development, environmental protection, reduced military spending, enhanced economic governance, the promotion of democratic governance and human rights, etc.

In other words, foreign assistance will be any financial, material or human assistance from a donor country to a recipient country. It may be in the form of money, humanitarian (e.g. rescuers, medical doctors, lawyers, engineers, etc.) or materials such as food , medicines, building materials, weapons, etc. Almost every developed nation has an aid agency to help the poor countries of the world. In addition, government-to - government loans and United Nations multilateral assistance finance numerous development projects at a lending rate below the level of trade. Aid funds are often used to help establish leading sectors of the economy that can then, through links to less developed sectors, pull the development process along. Critics of foreign aid have provided a number of arguments to justify why it has not been successful in fostering growth. In the first place, the amounts are pitiful given the magnitude of the problem.

One reason for a wide-ranging debate on aid is that so many diverse objectives drive its allocation that it is difficult to assess how effective it is. While economic growth is clearly not the sole objective of foreign aid, it is one of the few areas where empirical evidence permits evaluation. Development is also necessary because, without progress, it is difficult, if not impossible, to accomplish all the other priorities – stability, human rights, democracy – assigned to assistance. There is a negative link between assistance flows and development output in many economically developed countries. Africa, for example, receives 10 times more per capita aid than Latin America or East Asia, and is still far worse off by most or all economic measures. There are a few theories, but one thing is simple. By eliminating a significant budget restriction, assistance inflows to a nation will delay the creation of a domestic agreement on the need for difficult economic reforms. Research shows that countries with high inflation appear to carry out more ambitious changes and therefore experience higher overall growth rates than countries that are only muddled with low inflation.

Conditionality, which is how most of the aid is appropriated, is usually applied ex ante; that is, borrowing countries must meet certain conditions in order to be eligible for a loan and must then continue to meet those conditions as the aid is disbursed. However, following a substantial growth in conditional loans over the past decade and also an increase in the amount of conditions on each loan, conditionality has not been especially successful in ensuring that lenders cooperate. In fact, the higher number of conditions seems to reduce the ownership of the reforms by the borrower. It creates a vicious cycle: weak compliance with the conditions prompts donors to impose more conditions; increased conditions make it even more difficult for recipients to comply, thus increasing the incentive not to comply; and so on. On the donor side, the incentive structure rewards continued lending rather than stopping financial flows in response to compliance infringements. At the end of the day, multilateral organizations are financial institutions that will lend to stay operational. Thus, the average World Bank loan officer has a greater incentive to disburse loans on time than to enforce strict compliance on the part of the recipients of those loans. As a result, many countries tend to accept loans even though they have weak enforcement and government policy reforms.

Increasing insights into the impacts of foreign aid upon African development are provided by Ake (1996), Macamo (2005), and Burnside and Dollar (1997). For example, Burnside and Dollar (1997) noted that, where good economic, monetary and commercial policy is in place, foreign aid appears to have a positive effect on development. According to Erixon (2005), the aid proponents argue that poor countries are poor because there are not enough funds to invest in the facilities which would allow for economic activity.

This argument was initially used by Erixon to explain major developments in infrastructure, such as bridges, electricity plants, dams etc. But support from Erixon does not lead to development and growth. He says that Africa received approximately $ 400 billion from 1970 to 2000, while gross national income (GNI) growth continued from 1970 to 1995 to approximately 5% in 1970 and peaks in 1995 to 18%. In the same period, however, GDP growth was declining and poverty was also significantly increased. In March 1990, the Paris newspaper, Le Monde in March 1990, “Every franc we give impoverished Africa comes back to France or is smuggled into Switzerland and even Japan”. Further confirmation was obtained from the World Bank review that almost 40% of Africa's total wealth is stored in foreign bank accounts (Aderinokun, 2003 and Macmillan, 2005). Thus, until African leaders, politicians and business tycoons decide to bring these funds back home, Africa will remain synonymous with underdevelopment.

SELF-ASSESSMENT EXERCISE

Describe briefly the politics of foreign aid in third world countries

3.2 Foreign Debt and Third World Debt crisis

Debt crisis has assumed a prominent dimension in the third World countries as is making development very difficult. Third World countries are so tied to debt trap to the extent that virtually all their foreign exchange earnings are spent on debt service. In the period between 1970 and 1992, the external debt of developing countries grew from $68.4 billion to just under $2trillion, an increase of more than 2,000%. The debt crisis has truly become a worldwide problem with serious economic implications for both developed countries and Third World countries. In fact, the debt crises of the 1980s called into questions the stability and viability of the international financial systems.

Consequently, the democratisation process which culminated in the installation of democratic governments in Third World countries has the potentials to promote development in these countries but this potential is constrained by indebtedness or debt crisis. For instance, many severely indebted Third World countries, particularly those in Africa, are thus caught in a vicious cycle in which the repayment of debt creates a drag on economic growth, but accelerated growth is the only viable basis for escaping the confines of the debt trap. The external debt crisis of sub-Saharan Africa like its Latin American and other Third World countries is not yet over. A significant number of countries in the TWCs adopted a development strategy that relies heavily on foreign financing for both official and private sources. This according to Ajayi (2003:105) has meant that: For many countries in the region the stock of external debt has built up over recent decades to a level that is widely viewed as unsustainable.

This has given rise to concerns about its deleterious effects on investment, development and principally the well-known debt overhang. In Nigeria for instance, external debt is 65 per cent of Gross Domestic Product (GDP) while annual debt service is nine times the annual health budget. Domestic debt is also an issue, ballooning to an estimated US $8.6 billion by the end of 2001.

Foreign debt has further compounded the development crisis of the TWCs. According to Ghali (1992), talking about Africa and debt crisis, he described the external debt as a millstone around the neck of Africa. The debt burden creates difficult problems for the economic recovery programmes of most TWCs. For many African countries, multilateral debt servicing is currently both large and burdensome part of their obligation. As part of the effect of foreign debt on TW economies, it discourages investors. Foreign investors will not risk funds if domestic investors are not prepared to take the same risk.

Debt service repayments are perhaps the greatest financial hemorrhage that the continent has experienced. Debt service payment must be made with foreign exchange. In other words, debt service obligation are met by its export earnings The heavy and unbearable external debt burden of Africa and Third World countries has led to the paradoxical situation that such countries have become net exports of capital to developed countries and multilateral financial institutions. Until significant debt relief is given to Third World countries particularly sub-Sahara Africa, these countries will remain in its dark tunnel of economic difficulties for many years. The burden of debt amortisation in terms of payment has tended to drain the nations resources and reduces the possible expenditure of resources on productive ventures difficult.

In Africa for instance, until 1970, debt was not an issue in the development of African countries. The reasons for this development, according to Bangura can be attributed to the following:

i. The early post independent period in Africa did not witness any significant growth in the level of opportunities for the expansion of foreign investment capital.
ii. Most African states found it difficult to raise loans from the international capital market as private banks were wary about advancing loans to Third World countries in the 1960s.
iii. The ideology of development that predominated the 1960s acted to discourage heavy borrowing by Third World countries from the international capital markets and this was thought to be inappropriate for normal economic wisdom.

However, in the 1970s, the situation changed and most western creditors became anxious to offer loans to African countries. The reasons for this state of affairs according to Bangura cited in Ujo, (1995:143) include:
The world capitalist crisis which started in the early 1970s created a serious problem of profitability for many multinational companies. A serious problem of realisation was also created in which firms found it difficult to sell their products. Because of the general drop in business, banks were unable to make new borrowing as investors were skeptical about the investment climate and the prospect for global economic recovery. The events surrounding the Arab-Israeli war of 1973 which led to the Arab oil boycott of the West did not help matters. This is because

the quadrupling of oil prices which resulted from the boycott plunged western industrial establishment into a further problem of increased production costs which in turn worsened the realisation problem.

A common outcome of the foreign debt crisis throughout the Third World was the increase in the power and influence of IFIs, particularly the IMF and WB, which had greatly diminished in the 1990s. As private sector lending dried up following the Mexican crisis of 1982, the IMF turned from its traditional role of lender of last resort to the only available source of external financial assistance and became the leading agency in the management of the crisis. Consequently, the IMF assumed a key role of restructuring the countries' foreign debt, conditioning financial assistance to the promotion of structural reforms along free market principles. Similarly, WB changed its role from lending money for Third World development projects in areas such as physical infrastructure to the promotion of structural reforms that involved fundamental changes in economic policy. As a result of these role changes, the IMF and WB's relations with Third World countries became highly politicised and open to the charge that unaccountable multilateral institutions were forcing democratically elected governments to adopt policies that hurt the poor and privileged the interests of the foreign interests over the welfare of the people. Foreign debt crisis has increased the IMF's position and influence over the economic and policies of the Third World countries. In addition, conditionality was at its strongest on issues of debt service in the early 1980s, and shifted towards structural reform in the later years and present decades.

SELF-ASSESSMENT EXERCISE

Briefly discuss the Impact of debt crisis on Third World countries' development.

3.3 Third World and Debt Management

That most of Third World countries are heavily burdened by external debt is no longer news. What would perhaps be news; even good news is when these debts is adjudged efficiently managed, sustainable and promote development. But experiences over the years have shown that the management of these debts over the years has been weak and inefficient debt management has largely caused the debt problems to assume a burdensome dimension. The Nigerian debt management just like other TWCs, for instance, has taken the following dimensions:

i) Continued increase in the debt stock even when no fresh ones are contracted;
ii) Excessive borrowing in relation to weak profitability and poor export earnings;

iii) Inappropriate borrowing terms; and
iv) Inadequate information in the volume, composition, and maturity profiles of debts.

In addition, compounding the debt position of the TWCs is the poor and inefficient use of the loans, thus raising issues of poor governance and corruption. Most of the loans which, were procured with unfavourable terms, were either diverted or utilised for projects that were unable to generate funds for servicing the underlying debt.

The most effective strategy for debt management today is debt forgiveness and or cancellation and productive investment of the faculties in a transparent, accountable governance environment.

SELF-ASSESSMENT EXERCISE

Briefly explain what you understand by debt management.

4.0 CONCLUSION

The rationale for raising external loan by Third World countries has always been to bridge the gap between domestic gap and available resources capacity in order to accelerate economic development. In the light of that, no one would blame Third World countries for resorting to borrowing provided the proceeds are utilised in a productive venture that will facilitate the eventual servicing and liquidation of the debt. But instead, debts in Third World countries exist as the key mechanism for the transfer of wealth from weak to strong, from debt nations to international creditors, from tax payers and wage earners to the holders of paper claims and from productive to financial authority. It is therefore simply impossible to speak of any significant measure of development, for as long as we are obliged to allocate so much of our lean resources for debt servicing.

In conclusion therefore, the struggle of TWCs to find their place in the global scheme of economic opportunity, political progress social advancement and cultural identity and above all development seemed to be fraught with external burden. However, the burden of the global debt crisis must be ultimately shared by all. Many of the developing countries may have to undergo a period of difficult adjustment. At the same time, industrialised countries will have to relax restrictive monetary policies and encourage imports from the developing countries.

5.0 SUMMARY

Unequal trade challenges have plunged the poor countries of the world otherwise known as the TWCs into deep and deepening indebtedness to industrialised societies of the Western societies and Japan. According to the World Bank report (1993), the poor nations of the globe are indebted to the rich and powerful countries in excess of $1 trillion. This staggering debt has become a financial yoke for these countries to bear.

This unit has examined how excessive debt drains the resources of poor countries, destabilises their economies making things worse for these nations already reeling from their narrow export oriented economies and lack of industrial capacity to the extent that they have earned for themselves millstone around the neck.

6.0 TUTOR-MARKED ASSIGNMENT

1. Describe how the debt crisis has conditioned the development of Third World countries and prescribe possible solutions to the debt crisis.
2. Discuss Debt Management in Third World countries.
3. To what extent has foreign debt conditioned the dependency and underdevelopment of Third World countries?

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UNIT 5 RESPONSE TO THIRD WORLD UNDERDEVELOPMENT

CONTENTS

1.0 INTRODUCTION

This is the last unit of the course itself in this series. It has helped you, we believe, to understand especially the problems of the Third World and underdevelopment. The crucial question is what has been the response of leaders of third world states against underdevelopment? Is there no hope for the countries of the Third World? This unit therefore concentrates on policy strategies and measures that can provide the necessary panacea for development in third world states.

2.0 OBJECTIVES

By the end of this Unit, you will be able to:

- examine good governance as a response to underdevelopment
- underline the importance of diversified economy in development
- discuss the influence of fight against for corruption in the development of Third World countries
- highlight the need for regional co-operation.

3.0 MAIN CONTENT

3.1 Good Governance

Developmental issues are inextricably related to governance problems. Until state, regional and national governments carry out their assigned duties and do so in a tolerable way, there will be no respite from hunger, illness, illiteracy, terrorism, civil war, and other problems afflicting the developing world. There is only so much that international bodies, non-governmental organisations and market forces can do. Ideas in good government arise in the philosophical philosophy in utilitarianism, the pursuit of the common good over moral and primary concern. Eneanya (2009) succinctly refers to it as "the ability of those in leadership positions to manage the affairs of a nation in a popularly acceptable manner by shaping its political, economic and social environment to meet the standards set by society." This easily turns the light on the leadership and, in our study, Third World leadership. Most of the policies and programs of Third World leaders are driven from outside by neo-colonial structures of their political economy. The result is the failure of such polices to help residents who need a transition to a people-oriented and guided strategy without the political benefits of the members. The absence of primary interest in policy development and execution, as well as the abolition of clientelism, personalism and patrimonialism in Third World government, is a veritable factor in productivity, wastefulness and mediocrity in the management of wealth and relations by the state (Okeke, 2015).

Good governance makes a state an independent body willing to mediate impartially to protect the general welfare to interest of community needs. When instituted and implemented, enormous resources would be saved from corruption and mediocrity; they could be channeled to the renewal of infrastructure and other public goods. This will also ensure that the processes for obtaining loans from development partners are transparent enough for citizens to understand and monitor the implementation of the project for which such loans were intended, as well as government budgeting, revenue and expenditure. If they are achieved, investors that are confident about the investment climate and rules governing such investment will be attracted (Okeke, 2015).

3.2 Diversification of the Economy

It is a fairly obvious that the role in the global economic system of periphery states, which are specialised in exporting prime and extractive goods without added value is one of the key causes of third world underdevelopment. The competitive benefit and low overall price of such goods demonstrated that this monoculture means fewer profits for these countries; further aggravated by gang-ups by big West buyers; legitimised reliance and its inconsistencies (Okeke, 2015). Furthermore, the over reliance on mono-economy by most third world countries has led to economic instability and unpredictablity. For instance, the collapse of oil prices tipped the Nigerian economy into a five-quarter recession in 2016, from which it is now just recovering. Angola, Equatorial Guinea, Congo Republic and Gabon also experienced sharp economic slowdowns in 2015-2016 due to low oil prices. Zambia, where copper accounts for 60% of exports, was also hard hit by the slump in copper prices. These experiences underscore the need to diversify economies and build resilience against such large external shocks (Adedeji, 1993).

The solution is to diversify the economy from mono-components to multi-components and leaders from third world countries have taken advantage of new technologies that have led to steep declines in transport and communications costs. Resource rich states like Nigeria and South Africa are implementing frameworks for effective exploitation of the countries resouces. Chile for instance is an example of a diversified economy, exporting more than 2,800 distinct products to more than 120 different countries. Zambia, a country similarly endowed with copper resources, exports just over 700 products. Other low-income countries have similarly limited diversified economies. Malawi, for example, export around 550 and 310 products, respectively. Larger countries that export oil, such as Nigeria (780 products) and Kazakhstan (540 products), however have failed to substantially expand the range of products they produce and export (Bach ed. (1999).

While economic diversification is of particular importance for mineral- and commodity-dependent countries, it is a challenge for most developing countries as they seek to deliver higher-productivity jobs for growing workforces. However, with appropraite policies to support reallocation of resource to new sectors, investments in infrastructures, government interventions that target specific market, policy and institutional failures whch address shortcomings in the marketplace; diversification of third world economy is gradually having positive light.

3.3 Intolerance for Corruption

In this study the main cancer-worm in Third World Countries has been corruption. The consequence has been the massive wasting-out of these countries' wealth, capital flight and brain drain. Many of the negative impacts of corruption in these nations have been discussed. In view of the overbearing effect of this cancer procedure, a proactive and decisive action must be taken to stop the threat. The creation of the Economic and Financial Commission (EFCC) and the Freedom Corrupt Conduct Commission (ICPC) in Nigeria was supposed to accomplish this goal, but has failed miserably due to the non-autonomous structure of the Nigerian state. In order to be effective, the state must be autonomous and empower the institutions set up to fight corruption with all the necessary support. Hong Kong and Singapore have taken such action and the system has been cleaned up.The prescribed sentence for corruption should be capital punishment, which would serve as a dissuasion, compared to the present plea bargaining and prison terms, which give the looters the opportunity to enjoy their loot.

Indonesia Malaysia and other countries have taken similar measures against drug offences, which have reduced the threat in those countries; the same token should therefore be applied to corruption. In addition, an early signal detection mechanism would be more effective to nipple its occurrence in the bud. The pace of the inquiry and adjudication will be quick and successful in order to reduce the lack of facts faced in Nigeria. It is also important to improve and remove the legal system from unethical forces that compromise justice for personal purposes. Among other Third World nations, China's anti-corruption policy can be a blueprint (Okeke, 2015).

3.4 Regional Co-operation

In the third world countries, the economic and political context is changing continuously. The living conditions and problems of people are different from one place to another and also in each world. There are many examples of development, including Ethiopia-Eritrea peace and worsening of conflict in the Sahel region. Many barriers to development, such as military conflict, lack of human security or inadequate governance, are transnational or affect several countries.

In their constitutions, a variety of countries have restricted freedom of speech and association. Human rights abuses, particularly in conflicts and in the sense of refugee crises, are widespread in many countries. Most countries in the region have high economic growth, but poverty is steadily decreasing, partially due to unequal allocation of wealth and fast population growth. Many efforts by the African Union (AU) and the Regional Economic Communities (RECs) have expanded opportunities for international cooperation and free trade. There is a policy framework for democracy and human rights and gender equality, but the implementation process is slow (Bach ed. (1999).

But regional integration nonetheless remains key to narrowing the gap between the continent’s promise and its reality, Ibrahim Mayaki, former prime minister of Niger and now head of the New Partnership for Africa's Development, said in an interview with Yale Insights. Policymakers must “understand that the optimal solution to our national programs is not at the national level, but at the regional level,” he said. Whether looking at issues related to energy generation, healthcare, transportation, or education, successful efforts must focus on “key regional cross-border projects” rather than national-level projects.

4.0 CONCLUSION

Third World Development is expected to be brought together by the leadership in these countries. Globalisation brings huge possibilities, as shown by the sudden rise of India, China, Brazil's economic evolution and the rejuvenation of Russia's distressing economy. The challenge is therefore to ensure the right policies and the oversight of corruption is implemented by third-world leaders. It is time to take responsibility for individuals and stop accusing foreigners of some self-inflicted injuries.

5.0 SUMMARY

Culture reorientation, good governance, economic diversification and restructuring, zero-tolerance for corruption and interregional economic cooperation are all the solutions for Third World underdevelopment. These and other measures can generate positive economic growth and development indexes when implemented.

SELF-ASSESSMENT EXERCISE

i. Discuss solutions to Third World Underdevelopment.
ii. How can the Third World countries overcome the challenges of corruption in their economies?
iii. Analyse the potentials of Third World cooperation on the development of their economy.
iv. Discuss the relationship between good governance and development in the Third World countries.
v. With concrete examples, explain the relevance of diversification of economy to Third World development.

6.0 TUTOR-MARKED ASSIGNMENT

Prescribe and discuss solutions to the Third World underdevelopment.

7.0 REFERENCES/FURTHER READING

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