

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

This question why are some countries rich and others poor have given rise to many theories. Each of these theories attempts to give historical explanations on why some societies are developed or underdeveloped or how those countries particularly sub Saharan African countries that are underdeveloped can improve and have sustained development. Some of these theories are: The geography hypothesis, the culture hypothesis and the ignorance hypothesis. In their book *Why Nations Fail: The Origins of Power, prosperity and Poverty*, Daron Acemoglu and James Robinson criticized these theories as not even unhelpful but incorrect and unable to explain the cause of the inequality that exist in the world today. As regards the geography theory propounded by Jared Diamond, the authors argues that Nogales Arizona and Nogales Sonora that have the same geography and culture so close but yet different points to the fact that geographical differences cannot explain the inequality that exist between the two cities. Likewise, the culture hypothesis which relates prosperity to culture advanced by Marx Weber is equally unhelpful for explaining other aspects of the lay of the land around us today. The final popular theory, the Ignorance theory asserts that world inequality exists because the rulers do not know how to make poor countries rich, in other words the African leaders do not know what to do to make Africa prosperous. In the words of Acemoglu and Robinson, the most common reason why nations fail to develop is because of their extractive institutions which they referred to as institutions that are designed to extract incomes and wealth from one subset of society to benefit a different subset. They argue that industrial revolution has still not spread to Africa because of their long vicious circle of the persistence and recreation of extractive political and economic institutions which do not foster creative destruction. In order to address the menace of extractiveness in Africa, Acemoglu and Robinson advocated for creative destruction as a paradigm for African development, stressing that for sustained development and inclusive institutions to emerge in Africa, African leaders must embrace creative destruction, a term they derived from the American economist Joseph Shumpeter to mean not just technological innovation but a better

and different ways of doing things.

Fascinating as Acemoglu and Robinson's thesis may sound, their thesis have many loopholes in terms of explaining the cause of underdevelopment in Africa. Their theory of the world inequality was equally unhelpful to explain first, why Asians which tend to be in the same third world with Africa particularly Singapore moved from third world to first world and secondly why Botswana one of the smallest countries in sub Saharan Africa managed to adopt inclusive institutions and developed unlike the most mineral rich countries such as Nigeria, Angola, Gabon and Congo who have the so-called cheap capital but the existence of this cheap capital has not brought development in these countries, rather it is mostly stolen, embezzled and mismanaged. This work argues that "development is brought about by human agency through the mediation of ideology and social structures, so it is important to understand the nature of ideology, social structures/ practices and agency; the mediation of development through them; and the nature, modes, conditions and causal process and mechanism of the mediation; including especially in relation to Africa." The political structure of Singapore does not limit the choices, political rights and freedom of the human agents, rather their structure influence their choices and opportunities, that was why there was an enabling field for them to adopt the best technology.

However, some Philosophical questions raised in this work are, Does the human agent has choice and can influence the cause of events by his or her choice? Are human beings free or determined ie whether nature involves an autonomous mind or is plastic like that of animal? What are those issues that plague the Philosophical mind in formulating development theories?

J C Chukwuokolo citing Leslie Stevenson avers that: "The meaning and purpose of human life, what we ought to do and what we can hope to achieve- all these are fundamentally affected by whatever we think is the real or true nature of man."¹ On his own, chukwuokolo points to the fact that human nature is a product of biological, social, physical-chemical, psychological and religious elements that engender the uniqueness of human being.²

This work concludes that absence of steady ideology remains the greatest peril in Africa, and sub Saharan African countries can only be saved from their fate by a renewed way of thinking. This renewed way of thinking is what we call ideology. Such an ideology will be based on truths that center on what J.C.A Agbakoba calls “self-supercession,” Acemoglu and Robison’s theory does not properly deal with ideology and so does not explore the place of the forms of ideology that are part of the ultimate determinant of history. But importantly, their idea of creative destruction will go a long way to bring sustained development if Africans should pay serious attention to the beliefs and values that go into the making of personalities and agency in the continent; for without these, people cannot apprehend or utilize the opportunities and potentials for development.

1.2. Statement of Problem

Debates about why some countries in Africa have failed to develop as they should with abundant human and material resources at their disposal have been raging for decades. Africa has always been in crisis, one of which is the crisis of development, which finds its greatest expression in the economic sphere. Some scholars have argued that the problem is due to the absence of effective leadership. Yet others argue that Africa is stuck in their present sociopolitical and economic predicaments because their leaders have been unable to change their mental model which has prevented them from building critical institutions and infrastructure capable of transforming the countries into the twenty first century system. These problems can be seen in most of sub-Saharan African countries such as Zimbabwe, Nigeria, Congo Kinshasa and Sierra Leone etc. Independence in these countries was an opportunity missed, accompanied by the re-creation of the same type of extractive institutions that existed during the colonial period. However, in as much as other countries such as Botswana, China, Singapore and South Korea which shared the same type of extractive institutions have since adopted inclusive institutions and are prosperous yet Nigeria, Zimbabwe and others are still poor.

However, the philosophical problems that propel this study are; what are the Philosophical

issues that plague the Philosophical mind in formulating development? Why do African states failed to be the developmental states they claimed to be? Why did the African elite failed to emulate from their Asian counterparts? As of 1965, Nigeria and Singapore were roughly on the same economic pedestal, some twenty-five years later Lee Quan Yew left office with his country having a GDP of some 19,000 USD while Nigeria with its resources can boast of not more than some few thousands.

The answer lies a good deal in the “insensibilistic strand in the traditional thought system, the materiality and institutions associated with it, which has had a strong and distorting influence in the formation of African personalities and institutions for centuries”. In other words, it was not simply lack of knowledge and know-how that led to sub-optimal agency in Africa but more importantly the lack of appropriate values and institutions. In Africa “insensibilism, and those who subscribe to it or reinforce it, creates a vortex of social pressures and socio-cultural waves that have tended to dominate politics, business and public sphere general and the effects have been contra-modernity and counter development”. However, it is not the structures of colonial and neo-colonial capitalism as such that drove these elite to deviate, but rather others in similar structural conditions in Asia and a few in Africa were not so driven.

In the developed world, their citizens have political rights which enabled them to overthrow the elites that are not responsive and accountable to them. This is because their agential reactivity and cultural firewalls were active. Unfortunately, the citizens of Africa do not have such political rights to elect the leaders of their choice because extractive institutions are the norm in that continent.

So absence of creative destruction (technological innovation), corruption, as well as sub-version of rule of law, impunity and non-responsiveness is largely explainable in terms of values, institutions and failure of agential-reactivity.

1.3 Purpose of Study

The possibility of having stable and inclusive economic institutions that will provide a level playing field and economic opportunities for the citizens in Africa to invest and innovate in new technologies is the main purpose of this study. This can be achieved if Africans should

debunk the acceptance of “African way” which involves the acceptance, legitimization and reinforcement by African persons such as abuse of power, unresponsive and irresponsible governance in which the values, beliefs, behaviours and persons that represent development are destroyed. But rather leaders should engage in making right choices, collecting information and knowledge from their members adequately, evaluate such information and arrive at decisions that are binding to its members.

1.4 Scope of Study

This research does not incorporate the entire works of Acemoglu and Robinson. The study only deals with a section of their social and political philosophy, which is in the area of Creative destruction which involves new and better ways of doing things that displaces the old ways as an alternative paradigm for addressing extractiveness and poverty in Africa. Importantly, this study tries to examine some philosophical issues embedded in development such as ideology, justice, freedom, choice and the question of agency and structure. These issues will go a long way to help us understand why those third world countries managed to adopt inclusive institutions and grew rapidly, whereas others failed to do so. This work does not seek to do a comparison with the developed world, but rather limits itself to the countries in the Sub-Saharan Africa such as Zimbabwe, Nigeria, Sierra Leone, Democratic Republic of Congo Kinshasa and Egypt who share the same set of extractive institutions to know what has held them back from developing. Importantly, the research analyzes many of the real development challenges confronting the African continent today, and provides workable pathways out of the development problems.

1.5 Significance of Study

This research contributes to intellectual economy, lending a voice, contributing little quota to better understanding on how to build a sustained economic growth in Africa. This research provides excellent resources for academics, scholars, students, policy makers and all those interested in issues affecting Africa’s development. Furthermore, this research is relevant especially now that there are high level of unemployment and poverty in some of the countries in Africa, the leaders of this countries will take advantage of this and create an

avenue for empowering the youths to invest in new technologies. Importantly, Philosophy has its irreplaceable or indispensable role to play in Africa by way of redirecting people's mind to the real things that matter in the development of Africa. It guides our leaders in the formation of policies and how best to implement those policies for the good of Africa.

1.6 Methodology

This work is a qualitative research. Qualitative research seeks to interpret the concepts used in the study for proper understanding. The data and concepts for this research work were collected from both primary and secondary sources. This research employs the methods of hermeneutics and evaluation as a way of arriving at solution in the course of this research. Hermeneutic method of philosophical inquiry involves the philosophical interpretation of concepts and ideas to discover their hidden meanings. This method was popularized in philosophy by Hans George Gadamer. This method is concerned with the life world or human experience as it is lived. This research uses hermeneutics method to decipher the causes of poverty and inequalities that exist in some countries in sub-Saharan Africa. The intention is to find out what has held them back from developing.

This work is divided into six Chapters. Chapter one attempts to give a General Background of the Study. It also looks into the problems the work set to solve, the Purpose of Study, the Scope of Study, the Significance of study, the Method we adopt and lastly the Definition of some Important Concepts. Chapter Two reviews relevant Literatures on Acemoglu and Robinson's concept of Creative destruction and Extractive Institutions in Africa. This will be needful as to enable the researcher show the lacuna that needs to be filled and the real import of this research work. Chapter Three is an exposition of the concept Creative destruction. Chapter Four involves an understanding of extractive institutions in Africa and as well the features and the effects of extractive institutions in Africa. Chapter Five involves the role creative destruction in Acemoglu and Robinson. Chapter Six deals on the philosophical evaluation of some Philosophical issues embedded in development and conclusion.

1.7. Definition of Terms

1.7.1 Creative Destruction

Creative destruction is a concept in economics which since 1950 has been identified with the

Austrian American economist Joseph Schumpeter who derived his ideas from a close reading of the work of Karl Marx and popularized it as a theory of economics.

Vasudha Joshi defines Creative destruction as "the new activities displacing old ones. He believes that "manufacturing sector employment stands on a higher run as opposed to employment in service sector."³

According to Ricardo and Mohammad "Creative destruction is a continuous process by which emerging technologies push aside the old technologies."⁴ He believes that "the wave of restructuring is only the latest manifestation of creative destruction by which the production structure weeds out unproductive segments."⁵

Martin Anderson defines Creative destruction as an entrepreneurial entry service that transforms and revitalizes industries, thereby enhancing their competitiveness.⁶

According to Dieter Bogenhold Creative destruction means changes and shifts in the overall structure of enterprises, employment and occupational profiles.⁷

According to Paulo Zawislak Creative destruction means the desire to innovate.⁸ According to Stuart Hart, "eco-effectiveness, bio-mimicry, leapfrog technology, etc., all drive firms to what is called creative destruction."⁹ According to Papaioannou, creative destruction refers to new ways of doing things by mixing up ideas and/or combining technologies.¹⁰

According to David Harvey, creative destruction is Neo liberalism.¹¹ Harvey argues that Neo liberalism has not proven effective at revitalizing global capital accumulation, but it has succeeded in restoring class power.¹²

1.7.2 Extractive Institutions

Extractive simply means relating to, or involving extraction. Tending toward or resulting in withdrawal of something. Acemoglu and Robinson theorize that there are two kinds of institutions, Inclusive institutions and Extractive institutions.

Becky Carter defines Extractive institutions in five ways. First Extractive institutions with

hold rights and entitlements and undermine equal opportunities, voice and access to resources and services.¹³ Secondly, “Extractive institutions can be manufactured or organic.”¹⁴ They range from deliberate discriminatory legislation to rules that fail to respond to the particular needs of marginalized groups. Thirdly, “Extractive institutions often result in negative stereotypes and prejudices.”¹⁵ Finally, “Extractive institutions means that which can enable or reinforce discriminatory behaviour towards group or whole sections of society.”¹⁶

According to Peter Sule Extractive institutions are the products of corruption.¹⁷ For him, it takes a corruption regime to be extractive, and extractive institutions breed corruption and not the other way round, that is corruption breeds extractive institutions.

1.7.3. Inclusive Institutions

According to Acemoglu and Robinson, to be inclusive, economic institutions must feature secure private property, an unbiased system of law, and a provision of public services that provides a level playing field in which people can exchange and contract.¹⁸ The authors define inclusive institution as the institution that allow and encourage participation by the great mass of people in economic activities that make best use of their talents and skills and enable individuals to make the choices they wish.¹⁹ Luno defines inclusive institution as institution set up for the benefit of all or most of the population.²⁰

1.7.4. Africa/Sub-Sahara Africa

According to John Innes, Africa can be defined as the second largest continent after Asia covering about one-fifth of the total land surface of Earth.²¹ According to Daniel Tetteh, Africa is a bright continent with adequate material resources for potential autocentric development but after decades of independence, Africa remains the least developed continent in the world.²² He also referred to Africa as a dark continent in the world.²³ According to Africa Britannica, Africa is cut almost equally in two by the Equator, so that most of Africa lies within the tropical region, bounded on the north by the Tropic of cancer and on the south by the Tropic of capricorn.²⁴ On the other hand, the UN Development program lists 46 of Africa’s 54 countries as sub-Saharan, excluding Algeria Djibouti, Egypt, Libya, Morocco, Somalia, Sudan and Tunisia. Sub-Saharan Africa is, geographically the area of the continent of Africa that lies south of the Sahara. According to Herbert Ekwe, sub-Sahara Africa is an

outlandish nomenclatural code that its users employ to depict an Africa, as distinct from an Arab-led one.²⁴ Furthermore, in the words of Ekwe Africa is employed to create the stunning effect of a supposedly shrinking African geographical landmass in the popular imagination coupled with the continent's supposedly attendant geostrategic global irrelevance.²⁵

Sub-Saharan Africa is, geographically the area of the continent of Africa that lies south of the Sahara. According to the United Nations, it consists of all African countries that are fully or partially located south of the Sahara. It contrasts with North Africa, whose territories are part of the league of Arab states within the Arab world.²⁶ The states of Somalia, Djibouti, Comoros and the Arabic speaking Mauritania are however geographically in sub-Saharan Africa, although they are members of the Arab league as well. The Sahel of the transitional zone in between the Sahara and the tropical Savanna of the Sudan region and farther South of tropical Africa. The UN Development Programme lists 46 of Africa's 54 countries as "sub-Saharan", they include, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Brazzaville) Congo (Democratic Republic) Cote d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, the Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Reunion, Rwanda, Sao Tome, and Principal Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Zambia and Zimbabwe. Celestine Mbaegbu defines African people as the people or peoples who inhabit physically the continent of Africa to extent of course that they share the same worldview.²⁷

1.7.5. Ideology

According to Oguejiofor in his debate with JCA Agbakoba in the article "The Fate of Africa a Question of Geography, Biogeography and History" ideology is a (political) set of ideas about how society ought to be, not how it actually is, and is usually encapsulated in slogans of action for the common man, as distinct from world view.²⁸ In his book *Philosophy and an African Culture*, Wiredu sees ideology as a set of ideas about what form the good society should take.²⁹

According to Gauba in his book *An Introduction to Political Theory* ideology means a set of

those ideas which are accepted to be true by a particular group without further examination.³⁰

Endnotes

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CHAPTER TWO

LITERATURE REVIEW

This research shall review works on Acemoglu and Robinson's idea of creative destruction and also works on extractive institutions in Africa. This enables the researcher to see what had been done in that particular area, discover the vacuum which needs to be filled and filling the gap observed. This gap becomes the real import of this work. However, this research shall begin to look into the work of Jose Nino in his article "Extractive Institutions for tell the Failure of Nations." Jose was one of the scholars who agree with Acemoglu and Robinson that stable institutions did not just emerge out of vacuums. Jose agrees with Acemoglu and Robinson that stable institutions generally rose out of philosophical movements like the enlightenment which championed individual rights, limited government, and reasons or Anglo-Saxon cultures that placed heavy emphasis on political decentralization.¹ Jose affirms that while institutional structures matter, philosophical principles and a culture that routinely puts those principles in practice are crucial for a country's long-term development.²

Jose further maintains that countries that developed inclusive economic and political institutions prospered, while countries with extractive economic and political institutions stagnated.³ Interestingly, Jose agrees with Acemoglu and Robinson that countries with extractive institutions tend to be characterized by oligarchical elites that game the political and economic system in their favour to vote suppression, restricted civil liberties and anti market laws that prevent competition and cronyism."⁴ In addition Jose comments that

Acemoglu and Robinson masterfully connect Joseph Schumpeter's concept of creative destruction not only as a means of dispersing over all political power. Citing Acemoglu and Robinson, Jose argues that the authors believe that countries that do not embrace creative destruction tend to be extractive in nature and are characterized by political elites striving to perpetuate themselves in power.⁵

Sam Adeyemi in his article, "Africa Doesn't Need Charity, it Needs Good Leadership" affirms that "globalization is the reality of our day and age."⁶ He notes that there is increasing economic, social, technical, cultural and political interdependence between nations.⁷ Thus :

The availability of worldwide communication systems through rapid improvements in communication technology and the internet has led to more international trade and cultural exchange. But Globalization does not appear to be hastening Africa's development. The problem is also rooted in the political structure and the leadership culture prevalent in Africa.⁸

Michele Boldrin et al in the article, "A Review of Acemoglu and Robinson's Why Nations Fail" agree with Acemoglu and Robinson about what the developing countries must fear; the dead hand of vested interests acting to stop innovation, competition or creative destruction.⁹ They note that nobody likes competitors and nobody likes to be on the receiving end of destruction. They agree with Acemoglu and Robinson that inclusive political institutions can be vaccine against the dead hand of dying monopolists, while extractive political institutions spread the infection.¹⁰ They argue that the west can look forward to a future of innovation and prosperity because of their good inclusive institutions while- for example- the Chinese are doomed.¹¹ They however state:

We wish we were so certain of the future of the west, but good inclusive institutions are as susceptible to hijacking by vested interests as any other. We see the vines of ever increasing patents spreading their poison throughout our democracy and strangling innovation just as we need it the most. We wonder, how can that be stopped? We see the dead hand of a dying industry of a few large movie studios and recording studios hijacking the much larger and vastly more important computer industry. We wonder,

how can that be stopped? We see the dead hand of the banking industry sucking the tax revenues of entire countries into its maws to feed its bad investments. We wonder, how that can be stopped.¹²

The point the pairs are making here is that everything seems to be politics at the end of the day. When there is conflict over institutions, what happens depends on which people or group wins out in the game of politics.

Zach Magid in his article “A Historical Review of a modern issue” criticizes Acemoglu and Robinson's notion arguing that the spirit of a luddite has never quite died, even if the stigma disappeared.¹³ Stressing further, Zach argues that since the industrial revolution, new innovative ideas that require mass production and unskilled labour have developed incessantly.¹⁴ Zach further notes that these unskilled labourers work until eventually the paradigm shifts and the technology they produce becomes obsolete in favour of new innovation.¹⁵ Zach thus stresses that Creative destruction act more quickly than ever. This, of course, is a byproduct of the unprecedented speed at which technological innovation takes place. Zach concludes that the only reason why we do not hear a luddite- level uproar is because the creative destruction does not occur all at once, it takes over one industry at a time.¹⁶

Duncan Green in his article “Why ‘Why Nations Fail’ Fail Mostly: A review of Acemoglu and Robinson” agrees with Acemoglu and Robinson that one of the core problems of most institutional arrangements is that those in power have a fear of creative destruction, this is because, the disruptive effect of innovation and capitalism will undermine their power base.¹⁷

Duncan cites Acemoglu and Robinson thus:

The Luddites in the presidential palace or the chamber of commerce do far more damage than the protesters on the streets. They therefore act to stifle it, elites' interests are opposed to those of the long- term development of their country. An 'iron law of oligarchy' means that even when oligarchs are overthrown, the revolutionaries, like the pigs in Animal farm, often come to resemble them.¹⁸

To buttress this point, Duncan further notes that new leaders overthrowing old ones with promises of radical change bring nothing but more of the same.¹⁹ Duncan points out that understanding how change doesn't happen is as important as understanding why it does. In contrast, Duncan avers that when a combination of institutions accident and inspired leadership leads to elite that is willing to accept creative destruction, then a takeoff can occur.

Peter Forbes in his article, "A Penetrating analysis of social organization" concur with Acemoglu and Robinson that extractive states are locked into a vicious circle of kleptocracy, suppression of technological innovation, economic and personal freedom.²⁰ Peter points out that the reason inclusive states are far more successful than extractive ones is the concept popularized by Joseph Schumpeter and recently misappropriated by Mitt Romney: Creative destruction. Peter states:

Of course totalitarian societies are good at destruction. But creative destruction means challenging vested interests to develop a better way of doing things. It means replacing canals with railways, steam engines with electric, typewriters with word processors. It means that once proud companies and sometimes whose industries go to the wall when the mode of technology changes but the overall result is more widespread wealth.²¹

He concludes that inclusive States have no single centre of power but are innovative and prosperous. Acemoglu drawing from his previous work on "Slavery" comments on their concept of creative destruction. Acemoglu sees creative destruction as a process that is largely restricted to the sphere of technological innovation (and often more specifically to manufacturing).²² Acemoglu notes that "slavery is treated simply as an extractive mechanism incompatible with true innovation and the sustained long-term growth of wealth."²³ Acemoglu argues that the expansion of the slave trade itself represent a particular kind of Schumpeterian innovation (who definitely did not limit creative destruction to technological innovation).²⁴ Furthermore, Acemoglu pointing out the examples of creative destruction, argues that "the spread of plantation agriculture throughout the colonial world itself represent an innovation process."²⁵ Acemoglu also pick points that "rent, extraction, and plunder are constituent parts of innovation and change in capitalism; when the authors restrict their understanding of how global capitalism evolves over time to artificial ideal types, this facts get lost."²⁶

Button Wood in his article on “The Question of Extractive Elites” says that the authors place the developed world in the 'inclusive' category since they have by definition, achieved economic success.²⁷ More so, Button warns that Acemoglu and Robinson's description of extractive economies should ring one or two alarm bells in the minds of western reader's.²⁸ This is because elites dominating extractive institutions fear creative destruction. Button citing Acemoglu and Robinson writes that “the elites will resist creative destruction, and any growth that germinates under extractive institutions will ultimately short-lived.”²⁹

However, Button posits:

There are two potential candidates for extractive elites in western economies: the first is the banking sector. The wealth of the financial industry gives it enormous lobbying in power, including as contributors to American presidential campaigns or to Britain's ruling parties. By making themselves "too big to fail", much of current economic policy seems to be driven by the need to prop up banks, whether it is record- low interest rates across the developed world. A second candidate for the extractive- elite category is the public sector. Button notes that in some countries, such as Greece, there has been a clear policy of "Clientelism" in which political parties have rewarded their supporters with jobs and benefits that have been funded by the general tax payer.²⁹

Furthermore, Acemoglu et al in their article on “The Innovation Network” note that technological and scientific progress is typically depicted as a cumulative process with new innovation building upon existing stocks of knowledge.³⁰ They however, note that Technological advances in one field can advance progress in multiple neighbouring fields, but will have a stronger influence on more closely related areas.³¹

Bessma Momani in his article “Entrepreneurship: An engine for Job Creation and Inclusive growth” agrees with the pairs that inclusive growth occurs when economic prosperity is long-term, sustainable, and reaches a broad spectrum of a population.³² Bessma also agrees with Acemoglu and Robinson that economic growth is successful when it is diversified across sectors, inclusive of various groups in the labour force, attributable to productive employment.³³ Bessma notes that as developing countries continue to struggle with limited

fiscal capacity to create jobs and absorb new entrants into the labour market, the attractiveness of including entrepreneurship in job creation toolkits has grown.³⁴ furthermore, Bessma comments that “entrepreneurship can be a crucial generator of jobs while entrepreneurial activities invariably create some new jobs in the short term.”³⁵ Citing Acemoglu and Robinson, Bessma affirms that evidence from Europe and the United States has shown that competition created by new firms can replace inefficient companies.³⁶ The loss of jobs from those companies and from failing startups is offset by job creation in the first year of a firm's life, providing a net increase in jobs for the overall economy in the long term. Bessma notes that such positive employment effects can help African countries to create jobs and promoting an eco system that nurtures entrepreneurs should be an important policy priority for governments looking to further develop their economies. Thus Bessma enumerates the challenges that hinder entrepreneurs to include, competition from larger firms, regulatory, and limited access to capital.³⁷ Bessma agrees with Acemoglu and Robinson that governments in Africa should therefore create incentives for banks to provide loans that are more accessible to entrepreneurs in Africa.

More interestingly, Philip Fisher in his article “Global Sustainability and the Creative destruction of industries” affirms that new profit opportunities lie in a round of creative destruction driven by global sustainability.³⁸ Fisher analyzes the theme of creative destruction at the play in literary works of the twentieth century, Fisher argues that creative destruction exists within literary forms just as it does within the changing of technology.³⁹

Sachs in his article “A Reply to Acemoglu and Robinson's response” responds on the importance of political institutions to foster innovation. Sachs adds five points that are also very important for an improved explanation, prediction, and promotion of economic development. First, Sachs states that innovation is not the only source of growth. arguing that diffusion of technology (meaning the spread of innovations to more places) is also a key part of growth and indeed the main explanation for catch-up growth (rapid growth in economies not at the technology frontier).⁴⁰ Sachs further explains that a full theory of economic development needs a focus on both innovation and diffusion.

Acemoglu and Robinson of course acknowledge catch-up growth but consider it to be of secondary importance whereas, Sachs believes it to be a vital part of the development story and also a vital factor in accounting for "why nations fail" or succeed. Secondly, Sachs states that the kinds of "institution that foster innovation are not necessarily the same as the kind of institution that foster diffusion."⁴¹ Thus, Sachs asserts that as much as one might prefer democracies for many reasons, authoritarian regimes can be quite proficient at speeding technological diffusion. This accounts, for example, for the rapid and effective economic development promoted by many authoritarian regimes in Asia and China.

Thirdly, Sachs asserts that authoritarian rulers often have very strong motivations to promote rather than block economic development.⁴² Sachs further debunks the vision of Acemoglu and Robinson that authoritarian governments reflexively stifle growth is belied by history and by theory. Sachs however, maintains that governments of many hues may have an incentive to promote growth, to maintain power, to compete with foreign rivals or even to feather their own nests.⁴³ Sachs concludes that sometimes authoritarian regimes are Successful at promoting economic growth.

However, on Acemoglu and Robinson's idea of extractive institutions many scholars have comment on their idea. Nathan Smith in his article "Critique of way Nations Fail" began by criticizing the authors, arguing that there is a lack of rigor and the authors present a naive view of democracy. Smith notes that the inclusive and extractive terminology is "bizarre" stressing that property rights are considered to be part of an inclusive set of institution, but they're designed to exclude.⁴⁴ Smith makes it seem as if Acemoglu and Robinson hold democracy as the ultimate standard of political institutions that induce economic growth. Secondly, Smith notes that the whole idea of a dichotomy between inclusive and extractive institution makes little sense. Logically, a state could refuse to include you, in the sense of protecting your rights, without "extracting" from you, it could also be both inclusive and extractive, protecting your property rights, but extracting high taxes.⁴⁵

From the above expression Smith was of the view that the inclusive and extractive terminology, seems to be chosen to suggest that inclusive political institutions should

naturally be connected to inclusive economic institutions, and extractive political institutions to extractive economic institutions. Illustrating his point, Smith avers that there seems to be little or no theoretical reason why these should be connected. Smith argues that inclusive political institutions, in the sense of democracy, can quite easily lead to extractive economic institutions, as majorities use their power to take wealth from the rich or unpopular minorities and redistribute it. Smith concludes that extractive political institutions, in the sense of dictatorship, might very easily choose to respect property rights in "stationary bandit" fashion, so that there will be more wealth to tax or simply for ideological reasons.

Mathew yglesias in his article, "Two Cheers for Growth under Extractive institutions" agrees with Acemoglu and Robinson that where countries have extractive political institutions, they end up with extractive economic institutions but when countries have inclusive political institutions they consequently develop inclusive economic institutions.⁴⁸ Mathew citing Acemoglu and Robinson agrees that "when economic institutions are inclusive, everyone gets a chance to go to school."⁴⁶ Thus, Mathew adds:

A well executed programme of growth under extractive institutions would massively ameliorate most of the world's most severe problems. It would also reduce the perceived labour market threat to working classes in rich countries and create much larger markets for sophisticated products and thus bolster innovation.⁴⁷

Similarly, Arif Azad in his article "Review of Why Nations Fail" responds on Acemoglu and Robinson's idea of Extractive institutions. Arif agrees with Acemoglu and Robinson that "extractive institutions are created for the benefit of tiny elite and perpetuated for the benefit of that elite."⁴⁸ Arif was of the view that nations commanding inclusive political institutions and economic institutions progress to prosperity, while those with extractive institutions end up being poor and fragile.

Subramanian Arvind in his article "Which Nations Failed" commenting on Acemoglu and Robinson's idea of extractive institutions points out the potential problem of reverse causality in their idea. Subramanian argues that Acemoglu and Robinson take political institutions as

causes and economic performance as results for granted. Citing the Modernization theory, Subramanian says that "Causation can also go the other way around- Improvement of political institutions can also be a result of economic modernization."⁴⁹ Subramanian argues that Acemoglu and Robinson fail to explain why this alternative perspective doesn't work. Subramanian also points out the limitation of Acemoglu and Robinson's idea to explain the recent economic development in China and Indian under an authoritarian regime. Stressing further, Subramanian argues:

Theoretical extractive political institutions has lagged much behind, one can say that China and India are outliers or that is, China might collapse and India might catch-up according to the book's prediction. However, it is still unsatisfying that the theory is unable to explain the situation of one third of the world's population and it is unlikely that China or India will change drastically in the near future, according to the prediction.⁵⁰

Francis Fukuyama in his article "The American interest" criticizes Acemoglu and Robinson's approach and argument on extractive institutions for being very similar to a book by North Wallis and Weingast in 2009, *Violence and Social Order*. Secondly, Fukuyama argues that the conception of states being inclusive or extractive oversimplifies the problem.⁵¹

Fukuyama also points out that the approach is too conceptual and fails to unpack the practical meaning of different institutions. Fukuyama comments that the historical approach to prove the argument was also subjected to interpretation.⁵² Finally, Fukuyama specifically points out that the argument by the authors does not apply to the case of modern China, as China has extractive institutions but still flourishes.

Jared Diamond in his article "What Makes Countries Rich or Poor" points out that the narrow focus of the book's theory is only on institutions, ignoring other factors like geography. More so, Diamond Points out that major issue of the author's argument is endogeneity: Diamond asks, "if good political institutions explain economic growth, then what explains good political institutions in the first place"?⁵³ That is why Diamond lands on his own theory of geographical causes for developmental differences. Diamond looks at tropical (Central Africa and America) vs temperate areas (North and South Africa and America) and realizes that

differences of wealth of nations are caused by the weather conditions: for example, in tropical areas, Diamond points out that "diseases are more likely to develop and agricultural productivity is lower.

Diamond's second criticism is that Acemoglu and Robinson seem to focus on "small events in history like Glorious Revolution in Britain as the critical juncture for political inclusion, while ignoring the prosperity in Western Europe".⁵⁴

However, in response to Diamond's comments, Acemoglu and Robinson reply that the arguments in the book do take geographical factors into account but that geography does not explain the different level of development. Diamond refutes Acemoglu and Robinson's response, reinforcing his claim of the book's errors. Diamond insists:

Geographical factors dominate why countries are rich and poor today. For example, tropical diseases in Zambia keep male workers sick for a large portion of their life time, thus reducing their labour productivity significantly. Geography determines local plantations and gave rise to ancient agrarian practices. Agricultural practice further shapes a sedentary lifestyle as well as social interaction, both of which shape social institutions that result in different countries.⁵⁵

Jeffrey Sachs in his article "Reply to Acemoglu and Robinson's response to my book review" comments on Acemoglu and Robinson's idea of extractive institutions. Sachs questions Acemoglu and Robinson's assumption that authoritarian regimes cannot motivate economic growth. Several examples in Asia, including Singapore and South Korea, easily refute Acemoglu and Robinson's argument that democratic political institutions are prerequisites for economic growth. Sachs comments that Acemoglu and Robinson overlook macro economic factors like technological progress.⁵⁶ Sachs disagrees with the historical determinism that Acemoglu and Robinson propose, as Sachs believes that the actions taken by the colonists two hundred years ago had no power in explaining economic performance today. Sachs insists on "retaining completely, geography, technological progress, etc in explaining differences in economic performance, rather than just simplifying to one factor (institution).⁵⁷ As Sachs describes:

The evidence suggests that economic development is a multidimension dynamic process, in which political, institutional, technological, cultural, and geographic factors all play a role. Such a view of history might not be "powerful" in the sense that Acemoglu and Robinson would like, but it has the virtue of being accurate and useful.⁵⁸

More so, Paul Collier in his article "The Review of Acemoglu and Robinson's Why Nations Fail" comments on the case of China, pointing out that a "centralized State can draw a country out from poverty but without inclusive institutions, such growth isn't sustainable".⁵⁹ Collier writes that "such process is not natural, but only happens when the elites are willing to cede power to the majority under certain circumstances."⁶⁰

Mitt Romney in his article titled "Uncultured" commenting on what causes the different level of economic development between Israel and Palestine invoked a response from the two authors. Romney conflates culture and institution. What Romney called "good work ethic" could be seen as culture on the surface but is essentially shaped by institutions with incentive structures.⁶¹ In response to the arguments Acemoglu and Robinson argue that why Palestine is less developed is simply because inclusive economic institutions were not able to develop there, due to the colonial occupation and regional political machination. The authors mention South and North Korea as an example against culture as determinant for economic development, as South and North Korea both came from the same homogeneous culture before splitting up and adopting different institutions.

Robert Barro in his article "The Relationship between Democracy and Growth" disagrees with the author's argument that "inclusive institutions give rise to economic growth. Barro's analysis reveals a weak relationship between democracy and growth in a study of one hundred countries from 1960 to 1990. Arguing in reverse of the authors, Barro writes that economic growth gives rise to better political institutions especially when a country is poor."⁶²

William Easterly in his article "The Root of Hardship: Dispute Massive Amounts of Aid, Poor Countries Tend to Stay Poor" points out the danger of ex-post rationalization. William

argues that Acemoglu and Robinson only attributes different levels of development to institutions in a way a bit too neat.⁶³ William argues that to explain the fall of Venice, it could be the extractive regime during the time or it could also be the shift from Mediterranean trade to Atlantic trade.⁶⁴ William maintains that the historical case studies approach might be biased.

Roberto Patricio in his article “The Logic of Global Capitalism” argues that most countries never develop inclusive institutions, instead their institutions are extractive designed to maximize the ability of a small social subset (elites) to plunder resources⁶⁵ Roberto comments that the authors don't claim solutions easily flow from their frame work.

Similarly, Sam Adeyemi in his article “Africa Doesn't Need Charity, it Needs Good Leadership” also comments on extractive institutions in Africa. Adeyemi quoting Acemoglu and Robinson argues that "the major difference between developed countries and developing countries is in their political evolution.⁶⁶ Adeyemi affirms that "developed countries have political and economic systems that are inclusive and offer opportunities for the most people to create wealth.⁶⁷ Stressing further, Adeyemi agrees that "most developing countries have political and economic systems that are extractive.⁶⁸ Adeyemi further states that those in the ruling class have a strong hold on political power, and use it to channel economic resources to benefit themselves and those close to them. Foreign aid, when channelled through such extractive systems almost never reaches the most vulnerable in the society. The point Adeyemi was making is that "there is a need to rethink the form of aid the developing countries need and the platform for distributing or offering it.⁶⁹

Karl Thompson in his "Review on Acemoglu and Robinson's idea of Extractive Institutions" argues that the British colonial authorities built extractive institutions in which many post independence African politicians were only too happy to continue in order to enrich themselves.⁷⁰ This happened in countries such as Sierra Leone, Ghana, Kenya and Zambia. Furthermore, Thompson comments:

The colonial rulers used their wealth to build personalised security forces which were answerable to them and also to rig elections-

money thus became essential to maintain power, with only those who have money able to maintain power. This creates incentives among the opposition to depose the existing leaders in order to maintain power and wealth themselves, and to protect themselves from being killed off by the said existing leaders.⁷¹

The point Thompson was making is that power has become an end in itself rather than as a means to developing a country. Thompson agrees with Acemoglu that the "reasons nations fail today is because they have extractive institutions and the solution is to transform the extractive institutions to inclusive ones."⁷²

However, Graham Peter in his article "Bad leaders, not lack of aid, cause African poverty" argues that the cause of poverty in Africa is not insufficient aid but the way in which almost all these countries have been mismanaged since their supposed liberation.⁷³ Stressing further, Graham observes that it was the character of a country's institutions and the aptitude of its populace that determined its success.⁷⁴ Graham further argues:

Where people's abilities, motivations and political institutions are favourable, material progress will occur. Where those basic determinants are unfavourable, development will not occur, even with aids. Political mismanagement, corruption and disregard by the authorities for the bulk of the people have prevailed in the Global south, indeed flourished, in the half century that followed the first withdrawal of the colonial rulers.⁷⁵

Graham concludes that what the leaders in the Sub-Saharan Africa States such as Mobutu, Mengistu, Moi and most recently Mugabe have created in their countries are conditions that are distinctly unfavorable for the development of people's abilities, motivations and political institutions. He maintains that the developing countries have been ruled like medieval fiefdom, looting their flattering economies and through shocking mismanagement creating hardships and famines for the people who do not get the opportunity to vote them out.

Furthermore, Janet Hunter in his article "Why Nations Fail: The Vicious Circle of Extractive Political and Economic Institutions" applauds Acemoglu and Robinson for carefully

emphasized the importance of historical contingency in their interpretation, institutional dynamics respond to critical junctures and opportunities. Stressing further he notes that one of the things that comes out of their account is the recurrent importance of chance and luck and also the importance of individual actors, somewhat reminiscent of the great men.⁷⁶ Janet further criticizes the authors for 'compressing' history, stressing that their theory raises major questions about what time periods matter in institutional terms.

Mmaduabuchi Dukor in his article "Globalization and African Development" argues that the development of any society, nation or state is not equidistant from its history.⁷⁷ Dukor maintains that Asian Tiger or the resurgence of technological prowess of Asian countries like Japan, India and Malaysia among others is unarguably based on their history of independence and culture of technology.⁷⁸ Dukor further stresses that these countries that were AID recipient suddenly became AID donors. Their progress and development is historically driven. He argues further that "African states discovered themselves in their cultures and fulfilled themselves in their technologies."⁷⁹ Dukor avers that it is also possible for African leaders and governments to invest on cultural re-enactment and revolution to exhume latent and country's decaying technologies, which suffer from primordial sleaze, financial paralysis of youths, who are possessed by their knowledge and lack of attention being paid on them because of corruption.

Similarly, Peter Guest in his article "Lack of Leadership in Africa threatens economic progress states that "the victims of crime and corruption of state failure and poor economic management, do not have much of a voice in Africa's development debate, and the lack of accountability of their leaders has been manifest in the startling economic imbalances that still blight many African countries."⁸⁰ Stressing further, Peter argues that "despite runaway economic growth over the past decades, poverty remains structural in many developing countries and inequality is huge".⁸¹ Peter thus states:

There is a statistics that is quoted endlessly by investors touting Africa's "rise": seven out of the ten fastest growing economies in the last decade are African. Seven out of the world's ten most unequal countries are also on the continents. The reason for this is

that the structure of many African economies, a leftover from colonialism exacerbated by the client governments during the cold war, is indeed for what economists call the extraction of rent.⁸²

Furthermore, Peter comments that countries in the Sub-Saharan African States cannot grow their way out of inequality while their economy is structured around privilege."⁸³ Observing the weaknesses of the Global South in facing the globalization challenge,

Martin Khor in his book *Globalization and the South* notes that most countries of the South have been unable to reap benefits from globalization due to the lack of domestic economic capacity and weak social infrastructure following the colonial experience.⁸⁴ Khor further states that the African States were made weaker by low export prices and significant terms of trade decline as well as the debt crisis and the burden of debt servicing. Khor goes further to argue that many developing countries have also been characterized by dictatorships, abuse of power and economic mismanagement, which undermined the development process.⁸⁵ The exploitation of the former colonies of Asia, Africa and Latin America did not stop with the achievement of their independence. The former imperialist powers acquired new, subtle means of exploiting the former colonies which are described as 'neo-colonialism.

Gaubá in his book *Political Theory* avers that Neo-colonialism denotes the strategy of a colonial power which does not maintain its political domination in a foreign territory, but continues its economic exploitation by using it as a source of cheap labour and raw materials as well as a big market for its industrial products.⁸⁶ Gaubá states:

The new nations or the developing countries, with their vast size and population and low level of industrial development, remain the chief source of supply of raw materials for the developed world. But the price levels for such products are largely dictated by the rich countries until they can organize themselves into a semi-cartel, like the organization of the petroleum exporting countries.⁸⁷

In the absence of sufficient capital and technical expertise required for their industrialization, Gaubá observes that the "developing countries are forced to make use of their resources in labour intensive industries with a low margin of profit."⁸⁸ On the other hand, developed

countries make use of their resources in capital-intensive and technology-intensive industries with a high margin of profit. Thus, the international trade continuously operates to the disadvantage of the developing countries.

From the above, it is quite true that the victims of neo-colonialism hardly find a way of solving their problems of poverty, unemployment and technological backwardness or to stop their exploitation. Thus Chile, Brazil, Panama and other Latin American countries continue to be the source of cheap raw materials and cheap labour for the industries of the United States. Similarly, the countries like Taiwan, Malaysia and Philippines continue to serve as backyards for the Japanese industries. Again, Gauba postulates that the developing countries also serve as a provider of cheap labour for the production of components in consumer goods assembled elsewhere, where requisite expertise is available.⁸⁹ more so, Gauba argues:

Often the poorer countries lack the expertise or investment capital to benefit from the marketing of finished products, but they can produce the labour in factories owned and built by companies based in richer countries. Even the highly skilled labour of the developing countries, like doctors, engineers and other professionals, produced at a high public cost, is sometimes directly transferred to the developed world for want of adequate career opportunities in their own countries. This phenomenon is called 'brain drain'.⁹⁰

In other words, Gauba is of the view that the legacy of imperialism still continues to afflict the developing countries who have gained formal, political independence and this has become an obstacle to building inclusive institutions in Africa. Although, the colonialists claimed they were fulfilling the noble responsibility of extending the benefits of civilization to primitive people as exemplified by the notion of 'white man's burden'. Gauba argues that they make these claims in such a forceful and convincing style that many of the colonized people hardly suspect their intentions.

In the words of Gauba:

Colonial powers do promote education, industry, transport, communication, etc. and create administrative and political structures in the colonized territories, and thereby contribute to their progress. But all these measures are

deliberately designed to facilitate and stabilize their rule.⁹¹

When colonial power is unable to contain this struggle, it may choose to hand over power to the local elite with the hope to have their support after their departure. Moreover, when a colonial power has already taken full advantage of its long rule, its further maintenance may seem to be a costly affair. So it may grant independence to the colonized territory and switch over to new forms of exploitation by neo-colonial methods. It may further be conceded that political independence of the colonized people does not necessarily mean an end to their adherence to colonialist values. In the contemporary scenario, some of these values and models have become a part of global culture which has been reinforced through the process of globalization.

In addition, Ali Mazurui in his article titled "The African Bigman" which he meant to refer to those Africans who inherited the elite dynamics and dialectics of the departing colonial masters, and who always want to act similarly in their colonial mentalities and ways of doing things.⁹² He was also referring to those emerging and emerged African elites in their countries after independence, who lack humility in all they do, especially because of their belief that they have attained high societal positions that gives them the leverage to flaunt their kind of attitudes and therein knowingly and unknowingly trample on the less privileged. Mazurui further explains:

Yes! There is what could be regarded as "African Bigman Syndrome", which emanates truly from "Colonial Mentality", whose roots is surely, as we earlier said, from "Colonial Mental Attitudes." Indeed, Africans who become elites after the departure of the white colonial masters, and indeed those who replaced the departing colonial Bourgeoises in commercial and administrative positions of authority (inheriting and living in their then big houses, segregated government reserved areas, using their types of big cars, forming their segregated clubs, wearing their kind of clothing, eating their kinds of food and drinking their kind of wine, etc.) developed a syndrome of bigmanism that sickens them all the time, making them to separate and discriminate other downtrodden Africans.....⁹³

However, Mazurui maintains that this colonial mentality has lingered from the days of our

political flag independence, pointing that Africa is yet to be economically independent, and now dovetailed into what could be called posited and asserted affirmatively today as chronic elite conspiracy against the masses of Nigeria. He further observes that the obvious display of the kind of attitude and actions of some elites in African nations since their independence in 1960 has been unleashed by a select group or class of Nigerians, who through their high intellectual, administrative and commercial enterprise positions; have denied a vast majority and generality of Nigerians (through discreet and open operating methods), their rights to their basic needs of life, like food, shelter, clothing, education, medical care, employment, transportation, water, electricity, security, and other social amenities and freedom. He also notes that "these elites used people's resources and common wealth actually to better themselves which they consciously and unconsciously concretized through their high conspiratorial high-life."⁹⁴

Moving further, Mazurui argues that this group of men conspires to remain at the top, employing all negative trajectories and mechanisms like nepotism, tribalism, and divide and rule methodologies to sustain themselves at the pinnacles of the civil service and public service, and other political and socioeconomic sectors.

From the above expressions the point Mazurui was making is problem confronting Africa stems from their political institutions. There is poor leadership in Africa because most of the leaders are mired in a sense of entitlement in their actions, beliefs, and attitudes. The masses would like their myriad social, political and economic problems resolved by their political leaders. Specifically, they would like to have an enabling environment and a healthy economy, peace and stability in government, good roads, and functional hospitals and schools. Also, they would like their human and civil rights respected. The leaders talk about these issues without resolving them; instead, they lock themselves up in their lofty offices dishing out orders that are unimplemented. But the people may not get the services they want without the leaders reframing their meaning of leadership.

Lee Quan yew in his book *From Third World to First: Singapore's Economic Boom* dismisses the third world leader's beliefs on neocolonialist exploitation and advised the leaders of the developing world to focus on how to "equip the masses to provide first world standards of service and to get his people to change their third world habits."⁹⁵ From this statement, it is obvious that Singapore's economic boom was as a result of a government that was determined to be honest and competent. Lee was a true leader whose mission was to create an enabling field for his people.

Achebe in his small but epoch making book *The Trouble with Nigeria* argues that "the trouble with some African States, particularly Nigeria is simply and squarely a failure of leadership".⁹⁶ Achebe goes further to argue that "there is nothing basically wrong with the land or climate or water or air or anything else in Nigeria. Achebe argues that the problem is the "unwillingness or inability of the leaders to rise to the responsibility, to the challenge of personal example which are the hallmarks of true leadership."⁹⁷ Achebe further argues that to prevent a citizen from living or working anywhere in his country or from participating in the social, political and economic life of the community in which he chooses to live is another matter altogether.

In addition, Okaneme in his article on "Poverty and poor leadership: Twin Evils of Nigeria's democracy" states that "leadership always carries power with it and the proper exercise of power always involves ethical considerations."⁹⁸ Okaneme further argues:

Good leadership therefore is a necessary phenomenon and precondition for the enthronement of genuine democracy in any country. It is the capacity of a person to inspire confidence in others. Every democratic set up therefore requires good leadership without which it may not be effective or workable. Good political leadership is so much important in any democracy that often the progress of a nation is judged by the quality of its leadership.⁹⁹

From the above view, Okaneme was of the view that what the developing countries need is leader who is committed to lead the nation to a bright and bold future. This is because

political stability in any country comes with the development of the institutions and infrastructure that drive the economy, create employment, and take care of the people's needs. But there is no discernable change of attitude on the part of the leaders to address the shortfalls in the system.

Victor Dike, in his article titled "Why Nations Fail to Succeed" argues that "leaders in Africa have failed to shift their engrained mind-sets from "ego-system awareness to eco -system reality to enable them to build and maintain effective institutions and infrastructure that drive the economy and develop the nations."¹⁰⁰ Stressing further, Dike asserts that the political leaders appear to worry about the realities in the eco-system only when there are serious national issues that threaten their own well-being such as the Ebola crisis described as an epidemic without mercy.¹⁰¹ Dike comments that "unemployment rate in the global south is endemic but that among African nations is both endemic and epidemic."¹⁰² This is because of bad leadership. Government intentions have hitherto been on policy papers, white papers, circulars and political manifestos without translations into concrete actions. The countries in the Global south has young men and women with innovate ideas, but unfortunately the inability of the leaders to confront and address the educational, political and economic challenges has led to the dispersal of youths in search of means of livelihood in Diaspora. However Dike concludes that "favouritism, nepotism, sectarianism and statism are the major challenges of the government in the developing world in tackling the youth unemployment."¹⁰³

Reflecting on the development challenges facing Africa, John Odey in his book *The parable of the wasted Generation* observes that "since the so-called independence of most countries in Africa, they have been floating in the air like an aircraft whose pilot has been mystified by a deep fog".¹⁰⁴ Odey argues:

The political history of developing process is comparable to the story of a strong, wealthy and extravagant giant who suddenly became crippled, impoverished and beggarly at the peak of his fame..... millions of people cannot afford to eat good meal for many days. There is hunger and disease. Above all, there is no security. Danger is looming on the horizon. And truly.¹⁰⁴

However, Odey observes that this perception and reality that exist between the global south and global north that drives the unemployed and unskilled youths to cross the Mediterranean sea illegally in search of better opportunity. The challenges of migration and displacement in some of the developing countries cannot be durably resolved without commitments to tackle the root causes of conflicts because if not addressed, it is bound to cause repeated patterns of humanitarian crises. Importantly, the national association of Seadogs, a humanitarian organization, commenting on the extractive institutions in Africa says that the rate of unemployment in some of the African State is the immediate cause of illegal migration.¹⁰⁵ The issue of the inability of the developing countries to tackle the seemingly intractable problem of unemployment has been fingered as the reason why youths in some developing countries risk their lives through dangerous Sahara desert routes to Libya in their bid to reach the mainland Europe via the Mediterranean sea.

Interestingly, Fukuyama in his book *The Origins of Political Order* identifies the chief building blocks of liberal democracy as a strong central state, a society strong enough to hold the state accountable and equally crucial.¹⁰⁶ Fukuyama argues that one basic principle of the rule of law is that laws apply to everybody, if the sign says "No parking" people are not suppose to park there even if you are a pal of the alderman." Fukuyama reflecting on the principle of rule of law comments that "government cannot makeup new rules to help its cronies and hurt its adversaries except through due process, such as getting a legislature to pass a new law."¹⁰⁷

Similarly, Z Allan Ntata in his article "The Challenges of Leadership in Africa" notes that in Africa, it almost impossible to sustain momentum on projects when new leadership arrives, particularly when the new leadership is opposed to the work of the former administration.¹⁰⁸ He further argues that in developing countries, policies that favour only supporters have created a system that rewards short-term thinking and incentivizes hero worship and laziness rather than prudence, while encouraging diversiveness and cronyism.¹⁰⁹ Furthermore, Ntata comments that these structures do not simply motivate or aid those with bad intentions; they act as a barrier to those citizens with good intention.¹¹⁰

What Ntata was saying is that any leadership that operates under extraction is being encouraged to act badly and has strong incentives for cronyism and corruption and a general lack of patriotism. Ntata concludes that Nepotism, policy of rewarding friends and punishing foes, corruption, blurred vision and dictatorship are the challenges of leadership in Africa.¹¹¹

Michael Clemens in his article "How Do the Worse Leaders Affects Development" argues that one of the great under explored areas in economic development research is rigorous investigation of how bad leaders affect development.¹¹² Citing the leadership in Zimbabwe, Michael comments that series of actions by Robert Mugabe's regime have coincided with an epic collapse of Zimbabwe's economy, erasing half a century of income growth and bringing on four million percent inflation.¹¹³ stressing further, Michael argues that in a country where large numbers of poor people live on the edge of subsistence, such a collapse is likely to cause large numbers of death.

Jonathan Steele in his article "Corruption in the Third World is our Problem" Steele avers:

You bribe a foreign official to give your company a contract. It works and you get business. You escape prosecution in Britain because corruption performed abroad is not illegal here. Better still, the British government gives you a tax break because "commissions" paid abroad are accepted as a deductible expense.¹¹⁴

Steele posits that "it is certainly true that poor people suffer most from corruption in Africa and most of the so-called transition economies in the former Soviet Union and Eastern Europe."¹¹⁵ Steele argues further:

People often have to bribe teachers and doctors to get services which are supposed to be free. Local police and judges frequently want their palms greased. Foreign- donated medicines and other items of aid disappear in to private hands. Most non-governmental organizations working in Africa have not made enough of these scandals for fear of discrediting aids in general or making reform look too difficult. So the department for international developments focus on this prevalent but "petty" corruption is welcome.¹¹⁶

Steele concludes that corruption is like a deadly virus. It has no boundaries. The countries in the Global south need to fight it wherever it is found.

Kenneth Omeje in his article "Extractive Economies and Conflicts in Africa: Re- engaging Theory and Politics" begins by saying that the developing world comprises the post- colonial and predominantly poor countries of Africa, Caribbean Pacific, Latin America and Asia countries that despite their abundant natural resource endowments are associated with the greatest political and developmental setbacks and challenges in modern history.¹¹⁷ Omeje observes:

Dictatorships and instability, weak institutional structures, corruption and misgovernance, human rights deficits, hunger and starvation, environmental degradation, refugeeism and forced migration, widespread disease including HIV/ AIDS pandemic, as well as high and low intensity characterized the countries in the Sub-Saharan Africa.¹¹⁸

Omeje avers that the political economy of extraction with its anomalies of unaccountable political superstructure, perverted, political culture and a strategic corporate mining sectors, that has vestiges of state figure, personally and mentally that most colonial states inherited at independence.¹¹⁹ As a matter of facts, Omeje notes that many of the lead transnational mining and trading cooperations, some of which have metamorphosed into global business conglomerates under different operational names continued to preponderantly retain their colonial privileges well into the post- independence dispensation and even in contemporary history.¹²⁰ Omeje further pick points:

It is imperative to note that the preponderant corporatization of public law to serve the interest of capitalist accumulation by big businesses and mercantile companies at the expense of the under privileged social groups and classes in society was not originated in the western colonies of the developing countries. It was a phenomenon that already existed in varied proportions with most metropolitan states in the aftermath of the capitalist revolution in Europe.¹²¹

Omeje recognizes the two significant features of the regime of impunity in the colonial era carried forward to the post- colonial period as features that contributed to fundamentally

shaping the political economy of extraction were the preponderant corporatization of public law and instrumental value of lawlessness at the top echelon of the state.¹²²

Omeje concludes that the pre- colonial phase of European exploitation of regions of Africa comprised the extraction of natural resources like gold, ivory, tobacco, sugar, salt and pepper and exportation of able- bodied men, women and children (mostly from Africa) as slaves to the Americas and Europe. He notes that it is a well established historical fact that the wealth and capital accumulation by European merchants and institutions through pre-colonial and colonial exploitation of African States accelerated technological innovation and development in the Global North, and by converse, dialectically produced and spread underdevelopment in the South.¹²³ However, he notes that "Sub- Saharan Africa was evidently the worst hit with respect to underdevelopment because of the unprecedented scale and devastating consequences of trans- Atlantic slave trade.

Walter Rodney in his book *How Europe Underdeveloped Africa* stresses on how Africa evolved into their present day extractive institutions. Rodney avers that Africa deliberately exploited and underdeveloped by European colonial regimes. Rodney further argue that the combination of power politics and economic exploitation of Africa by Europeans led to the poor state of African political and economic development evident in the late twentieth century.¹²⁴ Rodney asserts that the only part to true human development and liberation for the majority of the countries in Africa is through the transformation of their own lives in a struggle to replace and reshape the neo colonialist government that dominated their societies and prescribed their existence.¹²⁵

The core of Rodney's analysis rests on the assumption that developing countries are far from standing outside the world system has been crucial to the growth of capitalism in the west. What Rodney terms "underdevelopment" was in fact the product of centuries of slavery, exploitation and imperialism. Rodney conclusively shows that Europe that is, the colonial and imperial powers did not merely enrich their own empires but actually reserved economic and social development in Africa. In his world, the colonization of Africa and other parts of the world formed an indispensable link in a chain of events which made possible the

technological transformation of the base of European capitalism.¹²⁶

Similarly, in his article “What is Africa”? Daniel Tetteh posits that the consequence of the institutionalization of racism is the rationalization and justification of the European slave trade in Africa followed by colonialism which took Africans out of history by reducing them to the status of commodities or chattels.¹²⁷ Tetteh further explains that, in the process, Africans internalized their slavery into mental slavery and African culture which defines the African became polluted.¹²⁸ For Tetteh, Africans ceased to be a people and were assigned several labels by Europeans just as commodities on shelves in the super markets are given labels, some of these label he avers are Nigerians, Liberians, Tanzanians.¹²⁹ for him, independence granted on the terms of the colonizer did not mean decolonization for the colonial structures remained intact. Tetteh holds;

Because African leaders are themselves mentally enslaved, they are blind to taking the appropriate actions to unite Africans for autocentric development. Instead of thinking of themselves as Africans who should collectively benefit from the human and material resources of Africa, they contribute to think of themselves as Sierra Leones, Liberians, Ethiopians, Nigerians etc mean while the resources of Africa continue to be plundered to the benefit of Europeans and Euro-Americans.¹³⁰

Tetteh explains that these Europeans and Euro-Americans claim to be providing Africa with aid whereas in reality it is Africa which provides them with their much needed material and human resources.¹³¹ for him the most wonderful oxymoron in human history is that Africa, the poor, continues to make both America and Europe richer and richer. He submits that all is not lost. The resources of Africa are still vast but before Africa can get out of this dismal situation certain conditions must be fulfilled. The first is to eradication of the Euro-Americans, Africans cannot develop on their own.

Interestingly, Katrina Keufer and Otto Scharmer in their book, *Leading from the Emerging Future: From Ego- System to Eco- System Economies* stress on the disconnect between the Haves and Have nots. They argue that this disconnect has given rise to an extreme inequality

bubbles in Africa.¹³¹ They note that in some of the countries in Africa, the richest own forty percent of their wealth while half of the Africa's population own just 1 percent of Africa's house hold wealth.

Similarly, Peter Sule in his article "Extractive Versus Weak Institutions in the Development Crises in Africa: Towards a Humanist Theory of Explanation and Recovery" argues that extractive institutions in Africa is as s result of internal factors which include issues of bad leadership and governance, corruption, political instability, violent conflicts and terrorism.¹³² Collaborating Jeffrey, peter maintains that "Africans themselves are the major culprits of the destruction of Africa today." Peter citing Udoka points to the fact that previously colonised countries in Asia have wriggled out of underdevelopment:

.....in view of current global occurrences, it is difficult to continue to attribute underdevelopment in Africa to the effect of monopoly, capitalism and imperialism. Currently, former colonies of European imperial expansion in Asia have broken out of the shackles of underdevelopment and have created strong structures in manufacturing, finance and technology. Indeed, the Asian tigers namely, South Korea, Philippines, Malaysia, Singapore, Indonesia, Pakistan, Hong Kong, Taiwan on the one hand, and India, China and Brazil on the other hand, which were once colonized, are now dictating the pace of global economic growth.¹³³

In his book on the *Modernity and Development* J.C.A Agbakoba argues that absence of steadying ideology remains the greatest peril in Africa.¹³⁴ He posits that;

Development is brought about by human agent through the mediation of ideology and social structures/practices. Social structures and practices are themselves the concretization of aspects, versions and specific interpretations of extant and or hitherto existing ideologies in the form of laws, regulations and protocols.¹³⁵

From the above expression, Agbakoba explains that it is important to properly understand the nature of ideology, social structures, and agency; the mediation of development through them; and, the nature, modes, conditions and causal processes and mechanisms of this mediation; including especially in relation to Africa.

Having examined some comments made by various scholars on Acemoglu and Robinson's idea of creative destruction and extractive institutions in Africa. It is worth noting however that given the limited amount of literatures in this field, this has led researchers who comment on Acemoglu and Robinson's idea of creative destruction to deal more on articles on line and unpublished works. The difficulty of having very limited materials shows that this is an area of social and political philosophy that is still developing. These scholars argue that creative destruction can be a tool for building stable economic growth and industrialization in Africa, whereas those scholars that comment on extractive institutions in Africa blame leadership and colonialism as the twin problems that contributes to Africa's underdevelopment and poverty

However, this study argues that why extractive institutions still raise its ugly head in Africa is due to lack of ideology and sub-optimal agency, in other words for African countries to adopt inclusive institutions that will pave the way for better and different technologies (creative destruction) as the Asians did. It must therefore be reiterated that the transformation of agency is the first step in the development of Africa; for without this step no other proposed systems of development can succeed in Africa.

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CHAPTER THREE

AN EXPOSITION OF THE PHILOSOPHY OF TECHNOLOGY AND CREATIVE DESTRUCTION

3.1. Philosophy of Technology

Philosophy of technology is a sub-field of Philosophy that studies the nature of technology and its social effects. Philosophical discussion of questions relating to technology dates back to the very dawn of Western Philosophy.¹ The phrase “Philosophy of technology” was first

used in the late 19th century by German-born Philosopher and geographer Ernest Kapp, who published a book titled “*Grundlinien einer Philosophie der Technik*.” A common theme in the Greek view of *techne* is that it arises as an imitation of nature (for example weaving developed out of watching spiders).²

Greek Philosophers like Heraclitus and Democritus observed this view. Wikipedia citing Aristotle’s work on *Physics* avers that Aristotle agreed that this imitation was often the case, but also argued that *techne* can go beyond nature and complete “what nature cannot bring to a finish.”³ Aristotle also argued that nature (physics) and *techne* are ontologically distinct because natural things have an inner principle of generation and motion, as well as an inner teleological final cause.⁴

Wikipedia citing Plato’s *Timaeus* maintains that the world is depicted as being the work of a divine craftsman (Demiurge) who created the world in accordance with eternal forms as an artisan makes things using blueprints.⁵ During the Renaissance; Francis Bacon became one of the first modern authors to reflect on the impact of technology on society. Wikipedia quoting Bacon’s work on *New Atlantis*, avers that Bacon put forth an optimistic worldview in which a fictional institution uses natural Philosophy and technology to extend man’s power over nature- for the betterment of society, through works which improve living conditions.⁶ In nineteenth century, a materialistic position on technology which became very influential in twentieth century Philosophy of technology was centered on the ideas of Benjamin Franklin and Karl Marx. According to Wikipedia, five early prominent twentieth century Philosophers to directly address the effects of modern technology on humanity were John Dewey, Martin Heidegger, Herbert Marcuse, Gunther Anders and Hannah Arendt.⁷ They all saw technology as central to modern life. Contemporary Philosophers with an interest in technology include Jean Baudrillard, Albert Borgmann, Andrew Feenberg, Langdon Winner, Donna Haraway etc.⁸ While a number of important individual works were published in the second half of the twentieth century, Paul Durbin has identified two books published at the turn of the century as marking the development of the Philosophy of technology as an academic sub discipline with canonical text.⁹

3.2. Philosophical Conception of Creative Destruction

Economics, considered today as a separate branch of social science, was previously understood as a science under Philosophy. According to Wikipedia the inception and development of the study of resources (land, labour, capital and entrepreneurship) was always by philosophy and Philosophers.¹⁰ The idea of Creative destruction enters to social sciences by way of Nietzsche on his own economic theory. The roots of creative destruction are traced back to Indian Philosophy, from where the idea entered the German literary and Philosophical tradition. In philosophical terms, the concept, "Creative destruction" is close to Hegel's concept of Sublation. According to Wikipedia, in German economic discourse creative destruction was taken up from Marx's writings by Werner Sombart, in his 1913 text *Krieg und Kapitalismus*. Wikipedia citing Werner states:

Again, however, from destruction a new spirit of creation arises; the scarcity of wood and the needs of everyday life forced the discovery or invention of substitutes for wood, forced the use of coal for heating, forced the invention of coke for the production of iron.¹¹

Wikipedia citing Hugo Reinert argues that Sombart's formulation of the concept was influenced by Eastern mysticism, specifically the image of the Hindu god Shiva, who is presenter in the paradoxical aspect of simultaneous destroyer and creator.¹² Conceivably this influence passed from Johann Gottfried Herder, who brought Hindu thought to German philosophy in his philosophy of Human history

In the earlier work of Marx, however, the idea of creative destruction or annihilation implies not only that capitalism destroys and reconfigures previous economic orders, but also that it must ceaselessly devalue existing wealth (whether through war, dereliction, or regular and periodic economic crises) in order to clear the ground for the creation of new wealth.

In his book *Genealogy of Morality* quoted by Wikipedia, Nietzsche represents the creative destruction of modernity through the mythical figure of Dionysus, a figure whom he saw as at one and the same time "destructively creative" and "creatively destructive."¹³ Nietzsche argues that for a universal principle of a cycle of creation and destruction, such that every

creation act has its destructive consequence.¹⁴ He however asks:

Have you ever asked yourselves sufficiently how much the erection of every ideal on earth has cost? How much reality has to be sanctified, how many consciences disturbed, how much "God" sacrificed every time? If a temple is to be erected a temple must be destroyed: that is the law- let anyone who can show me a case in which it is not fulfilled.¹⁵

Despite this, the term subsequently gained popularity within neo liberal or free- market economics as a description of processes such as downsizing in order to increase the efficiency and dynamism of a company. Wikipedia citing Karl Marx and Friedrich Engels describes the crisis tendencies of capitalism in terms of the enforced destruction of a mass of productive force. Thus:

Modern bourgeois society, with its relations of production, of exchange and a property, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer who is no longer able to control the powers of the neither world whom he has called up by his spells. It is enough to mention the commercial crises that by their periodic return put the existence of the whole of bourgeois society on trial, each time more threateningly. In these crises, a great part not only of existing production, but also of previously created productive forces, are periodically destroyed. In these crises, there breaks out an epidemic that is all earlier epochs, would have seemed an absurdity- the epidemic of over production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; and why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property.....¹⁶

Wikipedia citing Marx describes "the violent destruction of capital not by relations external to it, but rather as a condition of its self- preservation." In other words Marx establishes a

necessary link between the generative or creative forces of production in capitalism and the destruction of capital value as one of the key ways in which capitalism attempts to overcome its internal contradictions. These contradictions Marx explains:

Leads to explosions, cataclysms, crises, in which momentaneous suspension of labour and annihilation of a great portion of capital violently lead it back to the point where it is enabled to go on fully employing its productive powers without committing suicide.¹⁷

According to Wikipedia, in the theory of surplus value, Marx refines this theory to distinguish between scenarios where the destruction of values affects either use values or exchange values or both together.¹⁸ Marx stresses further, that the destruction of exchange value combined with the preservation of use value presents clear opportunities for new capital investment and hence for the repetition of the production devaluation cycle.¹⁹ He concludes:

The destruction of capital through crises means the depreciation of values which prevents them from later renewing their reproduction process as capital on the same scale. This is the ruinous effect of the fall in the prices of commodities. It does not cause the destruction of any use value. What one loses, the other gains. Values used as capital are prevented from acting again as capital in the hands of the same person.....²⁰

Although the modern term creative destruction is not used explicitly by Marx, it is largely derived from his analysis, particularly in the work of Werner Sombart whom Engels describes as the only German Prof. and Schumpeter, who discussed at length the origin of the idea in Marx's work. However, whilst Marx believes capitalists crises and destruction would lead to its demise, because he saw wars and economic crises as method for destroying production and enabling capitalism to start a new round of wealth creation for owners. Schumpeter saw creative destruction as a necessary and natural way to enable new markets and new growth. Wikipedia citing Schmpeter States:

Capitalism is by nature a form or method of economic change and not only never is but never can be stationary... The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods,

new methods of production or transportation, the new markets, new forms of industrial organization that capitalist enterprise creates.²¹

3.3. Joseph Schumpeter on Creative Destruction

In his best known book *Capitalism, Socialism, and Democracy*, economic growth and technological change are accompanied by what the great economist and one of the twentieth century's greatest intellectuals Joseph Alois Schumpeter called creative destruction.²² Schumpeter made many contributions to economic Science and political theory, but by far his most enduring legacy came from a six-page chapter entitled "Gale of Creative destruction" which he derived from the work of Karl Marx and popularized as a theory of economics. "The process of creative destruction, in which he described capitalism as the "perennial gale of creative destruction" has become the centerpiece for modern thinking on how economies evolve." Wikipedia quoting Schumpeter describes the gale of creative destruction as:

The process of industrial mutation-if I may use that biological term-that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creates a new one. This process of creative destruction is the essential fact about capitalism.²³

Schumpeter observes that this was a penetrating and unique insight about how economies grow. He explains that economic progress is not gradual and peaceful but rather disjointed and sometimes unpleasant.²⁴ Wikipedia quoting Schumpeter states:

Whenever an entrepreneur disrupts an existing industry, it is likely that existing workers, businesses or even the entire sectors can be temporarily thrown into loss. These cycles are tolerated, because it allows resources to be forced up for other more productive uses.²⁵

Wikipedia citing Clay Christensen's work on *disruptive innovation* made the case that in any market there is an upward sloping performance curve, and customers expect improvement. Christensen "calls that sustaining technology, which he meant to be improvements to the existing technology". This opens an opportunity for new players to slip in underneath the existing competitive arena. These new companies are the disrupters; they have discovered new ways of solving old problems that are usually simpler, cheaper, and easier to use, and

require less centralized expertise.

In fact for Schumpeter, creative destruction is a powerful economic concept because it can explain many of the dynamics or kinetics of industrial change: the transition from a competitive to a monopolistic market, and back again.²⁶

Schumpeter's arguments sharply deviate from the dominant tradition in many other respects. First, he highlights the fact that markets do not passively tend toward equilibrium until profit margins are wiped out. Instead, entrepreneurial innovation and experimentation constantly destroy the old one introduces new equilibria, making possible higher standards of living. In many respect, Schumpeter saw capitalism as a method of evolution within the social and economic hierarchy. The entrepreneur becomes the revolutionary, upsetting the established order to create dynamic change. Wikipedia quoting Schumpeter avers:

Entrepreneurs are the source of creative destruction because their businesses render others obsolete, with their new products and processes; entrepreneurs create jobs, progress and productivity. They change consumers habits, develop new means of production and new forms of economic organization.²⁷

However, Schumpeter's words provide constructive guidance for the political elites in the global south countries to create an enabling field for the citizens with innovative ideas to invest. With the unemployment rate in some developing countries particularly Nigeria, many people now find themselves questioning, how can a philosophy of creative destruction help them find their ways? To answer that Maura Pennington says:

I offer advice from my grandfather. He would give me the greatest, Pithiest piece of wisdom whenever I came home crying in flexible in the face of position. He'd look me directly in the eyes and say simply, "Adjust". It was infuriating to hear at the age of twelve, but it's the world I now live by: Adjust.²⁸

In the words of Maura, people have to adapt. For him nothing new can arrive unless an old thing dies.²⁹ For him also, creative destruction is necessary and inevitable, people should accept it and control it.

Similarly by using the word "destructive", Schumpeter directly implies the process results in losses alongside profits and there are losers in the creative destruction. Unlike other economic theories, many of which ignore the entrepreneur and technology entirely, the process of creative destruction does not assume markets generally tend toward equilibrium and highlight new profit opportunities that did not previously exist. He notes:

This evolutionary process rewards profitable adaptations and innovations and punishes less efficient ways of organizing resources. The process can be bumpy and unpleasant for some, but the trend line is toward progress, growth and higher standards of living.³⁰

By using the word "destructive" Schumpeter directly implies the process results in losses alongside profits and there are losers in the creative destruction. Destruction is a normal part of capitalism. Companies that harness the power of destruction can stay fresh. Companies that don't meet their challenges with creativity will inevitably face mortality. The market sees the continual destruction of companies. Unlike other economic theories, many of which ignore the entrepreneur and technology entirely, the process of creative destruction does not assume markets generally tend toward equilibrium and highlight new profit opportunities that did not previously exist.

The point Schumpeter was making is that evolutionary process rewards profitable adaptations and innovations and punishes less efficient ways of organizing resources. The process can be bumpy and unpleasant for some, but the trend line is toward progress, growth and higher standards of living.

Today, politics revolves around limiting creative destruction. This is because of the destructive part. If one truly hopes to make progress, heads will roll - most notably the heads of the unskilled labourers in today's economy. Automation renders their job obsolete. Naturally, because they feel trapped in their jobs, these people will resist with everything they have against automation, while big business will fight with everything they have in favour of automation. Established companies that want to stay innovative must master divergent thinking. This is the key to creativity. The objective is to find new ideas at the pace and potential solutions. And it helps to look to the periphery for new ideas, seeing what

competitors at the boundaries of your market are doing.

3.4. Brief Biographies of Daron Acemoglu and James Robinson and their idea on Creative Destruction

Karmer Daron Acemoglu is born on September (1967). He is a Turkish born American economist who has taught at the Massachusetts institute of technology (MIT) since 1993. Acemoglu is currently Elizabeth and James Killian professor of Economics at MIT. His field is on political economy, Economic growth and Labour economics. Born to American parents in Istanbul, Acemoglu was educated in the UK and completed his PhD at the London school of Economics (LSE) at 25. He lectured at LSE for a year before joining the MIT. He was awarded the John Bates Clark medal in 2005. Acemoglu is best known for his work on political economy. He has authored hundreds of papers, many of which are co-authored with his long time collaborators Simon Johnson and James Robinson. With Robinson, he authored *Economic Origins of Dictatorship and Democracy* (2006), *Why Nations Fail* (2012), "Why Did the West Extend the Franchise? Growth, Inequality and Democracy in Historical perspective"(2000) "Economic Backwardness in Political Perspective"(2006) "Persistence of Power, Elites and Institutions" (2008). *Why Nations* is an influential book on the role that institutions play in shaping nations' economic outcomes, prompted wide scholarly and media commentary. Described as a centrist he believes in a regulated market economy. He regularly comments on political issues, economic inequality, and a variety of specific policies. Acemoglu ranked third, behind Paul Krugman and Grey Mankiw, in the list of "Favourite living Economists under age 60" in a 2011 survey among American economists. In 2005, he was named the most cited economist of the past ten years per Ideas/Repec data.

James Alan Robinson (born 1960) is a British economist and political scientist who serves as university professor at the Harris school of public policy, university of Chicago since 2015 and prior to that, taught at Harvard university between 2004 and 2015. Robinson obtained his (PhD) at Yale university in 1993,(M.A) at university of Warwick 1985-1993 and (BSC) London school of Economics and political development with a focus on the long-run with a particular interest in Latin America and sub-Saharan Africa. In 2004, he was appointed,

university professor of Government in 2009. In 2015, he was appointed university professor at the Harris school of Public policy studies of the University of Chicago. On May 2016, Professor Robinson was awarded honorary doctor's degree by the National university of Monglolia during his first visit to the country.

In the words of Acemoglu and Robinson, world inequality today exists because during the nineteenth and twentieth centuries some nations were able to take advantage of the industrial Revolution and the technologies and methods of organization that it brought while others were unable to do so. Economic growth and technological change according to Acemoglu and Robinson are creative destruction.³¹ Acemoglu and Robinson borrowed the term creative destruction from the great economist Joseph Schumpeter. According to the two thinkers "new sectors attract resources away from old ones."³² New technologies make existing skills and machines obsolete. New firms take business away from established ones.³³ Acemoglu and Robinson aver that the process of economic growth and the inclusive institutions upon which it is based create losers as well as winners in the political arena and in the economic market place.³⁴

This was clear during the industrial Revolution in England, which laid the foundations of the prosperity we see in the rich countries of the world today. It centered on a series of path breaking technological changes in steam power, transportation, and textile production. Acemoglu and Robinson argue that creative destruction was bitterly opposed by many, not because of ignorance but because it creates both winners and losers. They illustrate this with William Lee's experience thus:

I watch my mother and my sisters sitting in the evening twilight plying their needle. If garments were made by two needles and one line of thread, why not several needles to take up the thread. Lee became obsessed with making a machine that would free people from endless hand-knitting. Finally, his "stocking frame knitting machine was ready. Lee traveled to London to seek an interview with Elizabeth 1 to show her how useful the machine would be. But Queen Elizabeth's reaction was devastating. She refused to grant Lee a patent, instead observing, "Thou aimest high, Master Lee. Consider thou what the invention could do to my poor

subjects. It would assuredly bring to them ruin by depriving them of employment, thus making them beggars"....³⁵

Acemoglu and Robinson argue that Elizabeth 1 feared that the mechanization of stocking production would be politically destabilizing. It would throw people out of work, create unemployment and political instability, and threaten royal power.³⁶ To Acemoglu and Robinson, "the stocking frame was an innovation that promised huge productivity increases, but it also promised creative destruction."³⁷ Acemoglu and Robinson maintain that the fear of creative destruction is the main reason why there is no sustained increase in the developing world. Technological innovation makes human societies prosperous, but also involves the replacement of the old with the new, and the destruction of the economic privileges and political power of certain people.³⁸ In their words:

For sustained economic growth we need new technologies, new ways of doing things, and more often than not they will come from newcomers such as Lee. It may make society prosperous, but the process of creative destruction that it imitates threatens the livelihood of those who work with old technologies, such as the hand-knitters who would have found themselves unemployed by Lee's technology.³⁹

More importantly, to Acemoglu and Robinson, major innovations such as Lee's stocking frame machine also threaten to reshape political power.⁴⁰ Ultimately it was not the concern about the fate of those who might become unemployed as a result of Lee's machine that led Elizabeth to oppose his patent; it was their fear that they would become political losers- their concern that those displaced by the invention would create political instability and threaten their own power. But the elite, especially when their political power is threatened, form a formidable barrier to innovation. The fact that they have much to lose from creative destruction means not only that they will not be the ones introducing new innovations but also that they will often resist and try to stop such innovations. Acemoglu and Robinson agree that society needs newcomers to introduce the most radical innovations, and these newcomers and the creative destruction they wreak must often overcome several sources of resistance, including that from powerful rulers and elites. However, in the words of Acemoglu and Robinson, creative destruction retributed not simply income and wealth, but also political

power, as Lee learned when he found the authorities so unreceptive to his invention because they feared its political consequences.⁴¹

Furthermore, Acemoglu and Robinson posit that the industrial Revolution started and made its biggest strides in England because of her uniquely inclusive economic institutions. These in turn were built on foundations laid by the inclusive political institutions brought by the Glorious Revolution. It was the Glorious Revolution that strengthened and rationalized property rights, improved financial markets, undermined State- sanctioned monopolies in foreign trade, and removed the barriers to the expansion of industry.⁴² However, the pairs explain that it was the Glorious Revolution that made the political system open and responsive to the economic needs and aspirations of society. These inclusive economic institutions gave men of talent and vision such as James Watt the opportunity and incentive to develop their skills and ideas and influence the system in ways that benefited them and the nation.⁴³ More so, Acemoglu and Robinson believe that it was not simply the neglect and mismanagement of the elites and the insidious economic slide under extractive institutions that prevented industrialization; instead, the rulers actively blocked any attempt to introduce these technologies and basic investments in infrastructure.⁴⁴

The pairs conclude that developed countries could grow rapidly because their relatively inclusive institutions would not block new technologies, innovation, or creative destruction, and the Poor countries are those that did not embark on the process of industrialization.

3.5 The Concepts of Neo-Liberalism and Creative Destruction

The concept of neo-liberalism and Creative destruction are closely linked. As a concept, Neo-liberalism is simply a new form of liberalism which is an ideology rooted on the principle of liberty and equality. Liberalism seeks basically to advocate individual liberties, freedom of conscience, free-market, civil rights, and unhindered exercise of freedom. It became a popular ideology after the French revolution of 1789 as an inspiration against tyrannical systems that undermines individual freedoms. According to Wikipedia, today, the concept of neo- liberalism is used to describe the reintroduction of liberal principles

particularly in the context of economic development.⁴⁵ It is an ideology that propagates economic liberalism, free-market and reduction in government spending in order to enhance the role of private sector in the economy.⁴⁶

Neo-liberalism places great premium on the role of the individuals than the society and strongly advocates for free-market economy. This is the thinking that influenced Margaret Thatcher's famous quotation that "there is no such thing as society, there are individual men and women, and there are families."⁴⁷ So, for neo-liberals, individual's rights and freedom supersedes any collective goals; for them, such goals are rather utopian. In this context, neo-liberalism is seen as an economic philosophy which is preaching social market economy and laissez-faire doctrine of classical liberalism which is advocating for minimal role of government in market economy. Their position is that market forces should be unregulated and the concept of "public good" should be replaced with the individual responsibility. According to Agundu:

Neo-liberal policies support economic growth as an end in itself: and use macro-economic indicators as the primary measurements of a healthy society. It assumes almost a religious character as greed becomes a virtue; competition a commandment and profit a sign of salvation.⁴⁸

So, with the removal of the idea of public good in their thought, neo-liberalism seeks economic policies that undermine any other value that is diametrically opposed to their fanatical pursuit of free market policies. Their thinking is that no sustainable development can be achieved in a regulated economic system. As such, they advocate for privatization, deregulation and the rule of the market. Creative destruction on the other hand as earlier observed involves wide spread of industries, an entrepreneurial entry serve that transforms and revitalizes industries, thereby enhancing their competitiveness. Evolutionary process of creative destruction must be understood best by an integrated interdisciplinary approach including different aspects of market formations and socioeconomic dimensions such as labour market trends, stratification issues and life style elements.

3.5. Examples of Creative Destruction

3.5.1. Powered Looms: The invention of the steam powered loom reduced the cost of making clothes. This put the traditional cottage industries out of business. But, it helped a new industry of manufactured cotton and clothes which created new kinds of jobs. This particular invention led to the Luddites, who saw the new power looms as destroying their livelihoods. The large mills which once dominated the towns of northern England have now closed down due to cheaper imports from Asia. As the mills have closed down, the local economy has been more geared towards the service sector and less towards manufacturing.

3.5.2. Mobile Technology

Mobile technology is a form of technology that is mostly used in cellular communication and other related aspects. It uses a form of platform where by many transmitters have the ability to send data at the same time on a single channel. The mobile technology is rapidly evolving; over the years, its uses is becoming diverse and is gradually replacing some similar sources in the market that are also used for communication example; post office and land lines. The mobile technology has improved from a simple device used for phone call and messaging into a multi-tasking device used for GPS navigation, internet browsing, gaming, instant messaging tool etc.

Mobile technology was a mystery two decades ago but now, it has become something of necessity to both the rural and the urban areas. The mobile technology started as a remarkable achievement in the world of technology but now, it is transforming into user comfort technology due to its present diverse functionality. When the mobile was first introduced, it used to be basically for SMS, calls and games. But it has presently transformed into a digital world and has made life and business much easier; marketers now have the ability to sell their products with ease through mobiles technology. The mobile has made it possible for users to transfer files and other files through Blue tooth and WiFi.

The mobile is also equipped with internet connectivity, making it easy for the user to gain information and also to download files from the internet. Video call conferencing is another achievement that has come to reality through mobile technology. Businessmen and clients

now have the channel to communicate even without seeing in person. Bankers depend solely on mobile technology on managing finances and stocks. Many business firms use the mobile technology to increase their earnings through providing customers ease to patronize their product through apps and websites for example, the cinema may create an app for ticket booking; railway travel tickets can be purchased from the internet without having to queue up to purchase it. The evolution of mobile technology has made our life easier and also saves time and resources.

Since the arrival of the mobile, it has helped humans in many ways; mobile phones are very important in case of an emergency, they save lives in case of accidents and other related issues. Mobile technology is an innovation that promises huge productivity but at the same time a creative destruction.

3.5.3 Music Industry

The music industry has seen numerous technological changes which have led to the rise and fall of several companies. In early 1990s, the cassette started to overcome Vinyl, harming firms which relied on the manufacturer of Vinyl. But in the early 1990s, the compact disc had started to replace the cassette. For a short period, the compact disc was very profitable for record labels and manufacturers, such as Phillips and Sony. From the early 2000s, electronic downloads wiped out the profitability of compact disc manufacturer and sale, creating a very different music industry dominated by digital downloads and new companies like Napster and Apple taking the place of other more traditional music companies.

3.5.4. Typewriter versus Computer

A few decades ago, there were typewriters, machines which could be described as keyboard connected to printers. Whatever was typed was immediately printed, without being visible on a screen first. A strange device indeed! Further back in history they were mechanical; later on they became electric, which made our fingers less muscular. Typewriters were operated by typists, a profession that did the most for female emancipation in Europe at the beginning of the twentieth century, such as Geneva, there were legions of female typists, which titled the

gender balance to the great pleasure of the minority males. Typists were extremely powerful in every institution. One had to think a lot before you submitted your handwriting for final typing. While a typist would tolerate a few mistakes in the first version (it was possible to correct them with a special ink). Yet this forced us to think carefully and choose the most appropriate words and formulation for our draft.

However, the internet lets us keep things open as long as we need. It helps people to become even bigger procrastinators, beyond what is natural. Making choices is an important part of creativity. Ultimately, by closing one thought, sentence, page, or book, we are creating something new. In this way computers have not just helped us to do what we do anyway in an easier and simpler way. Computer has changed the way people think and how people create. One of the main key attributes of computer is that everything typed is stored digitally, as opposed to an analog system, such as that on typewriters, where everything written is a mechanical transfer to paper. Typewriters waste paper and result in the user having to store a physical result. Digital documents can be extremely long and, because they are visual, storage space is virtually unlimited. This also makes computers more environmentally friendly, as they do not waste paper.

3.5.5. The Decline of Newspaper

The decline of newspapers is real. Since 1970 the number of dailies in America has declined by 20 percent. The Huffington posts are leading to Creative destruction of the traditional newspaper. The Christian Science monitor announces in January 2009 that it would no longer continue to publish a daily paper edition, but would be available on line daily and provides weekly print edition. At a national level in USA, employment in the newspaper business fell from 445,700 in 1990 to 2005, 100 in 2013.

3.6. Criticisms of Creative Destruction

Creative destruction has its own criticism due to temporary hardship it may create. Even though, it is a cycle which can constantly destroy old order and constantly create new order. Many organizations may have a serious setback especially when they cannot immediately

cope with the new improved technologies and skills of doing businesses. However, when the economy continues to experience new ideas, innovations and creativity, the situation, following a continually innovating economy, could generate opportunities for those who are attuned to participation in more creative and productive enterprises

In some countries of the world, such as India, China, Japan etc. entrepreneurship has become a major driver of economic growth. In India, the society has witnessed a rapid economic growth due to government interest in entrepreneurship which has led so many people to develop their talents. Here are some criticisms of Creative destruction.

3.6.1. Structural Unemployment; Free market economics makes a case for allowing any unprofitable firm to go out of business whatever the consequences. However, some argue that the process of Creative destruction can lead to long-term damage and needs to be more carefully managed. When some industries close down, there is no guarantee that the unemployed workers will be sufficiently skilled to shift employment prospects at the very least. There may be a need for government intervention to give better skills to the long-term unemployed. The firm industry may provide external benefits which impact on social efficiency. For example, in 1960s, the Beeching report advocated closure of many UK railways because the car was more efficient. It was a classic example of Creative destruction- close railways and invest in roads. However, forty years latter many rail closures are regretted because railways can help reduce road congestion, pollution, plus nobody predicted the increase in rail demand of the past twenty years.

3.6.2. Regional Unemployment

In a shifting economy, regional immobilities can make the "destruction phrase" last for a long time. A large- scale closure and the loss of many jobs can be difficult for an area to deal with. New Jobs may be created in the economy, but not in the area of high unemployment. This can lead to a prolong period of low growth and high regional unemployment.

3.6.3. Winners and Losers

Technological innovation is arguably the main driver of economic growth in the long run. New innovation is been rejected not because of ignorance but because it creates winners as well as losers in political arena and in market place. Technological progress can also create losses through creative destruction as new technology, renders old technology obsolete. In the process of Creative destruction, some will benefit a lot, but others may lose out, example, long-term unemployed struggling to shift occupation. Kodak was an Iconic American company synonymous with photography. But long entrenched in film manufacture, it did not see the shift to digital photography, one that required no film. Worse, this shift was provoked by Harlett- Packard, an unlikely competitor from an entirely different industry. Soon followed by Apple and others Kodak was ambushed by the digital revolution. Saddled with a legacy infrastructure that was no longer usable, it was forced to shutter factories, sell business units and bury its very core in a bid to merely re-adapt. The changing market dynamics, one of digital convergence, ignited by a series of disruptive innovations, left Kodak virtually irrelevant as a company.

3.6.4. High rate of Obsolescence

If a better, faster or cheaper service arises, it will likely eventually overtake the incumbent, and extending those factors to the extreme, like Google search- so cheap and faster. The introduction of new technology renders the old ones obsolete. This means that capital goods become obsolete while still durable simply because a new more productive and efficient unit has been produced. Okogbuo in his article "Conceptual and Theoretical Issues Related to Technology" avers that obsolescence impacts negatively on the development of African States.³⁴ It make the developing countries consumers countries and dumping ground of capital goods. Thus in his words:

Rapid technologically induced change has negative implication for the social continuity of the generation. It endangers social continuity making it impossible for a generation to recognize itself or to have self- identity.⁴⁹

3.6.5. Closure of Firms

Closure can lead to inefficiency itself. If a firm with experience and investment in human and labour capital closes down, then it can take a long time for these resources to be efficiently redistributed. For example, the theory of Hysteresis, suggests that short-term unemployment can lead to a higher natural rate.

Unprofitability doesn't mean the firm always should close down. Market forces may lead to many firms closing down because of lack of profitability. However, this closure may not be an efficient outcome. A firm may become unprofitable from short-term factors, such as High tariffs hitting exports short-term recession hits output. Short-term labour market problems, such as strikes in these cases, the lack of profitability is not a sign that the firm is terminally inefficient. In these cases, there may be a strong case for temporary government help to enable the firm to come through the short-term difficulties. It may also be possible for a firm to restructure and diversify; this can be less damaging than whole sale closure.

Venerable institutions are the ones that are the most vulnerable to destruction. There are many numbers of causes for discontinuity. Basically change happens. Change is not new, but the rate of change has been accelerating in the past ninety years or so. Creative destruction is inherent to capitalism. Discontinuities create under and over performance. Companies need to keep up with change in the market in order to outperform it. New companies perform better, so do new industries. Looking at the process whereby old companies are replaced by new ones has increased. Entrants to an industry have an advantage over the established firms: they perform better, and they bring innovation.

The collapse of pan African paper mills in Kenya has turned the once-booming town into a near ghost town which remains a case study on the impact of obsolete technology and high fuel costs. At its height, the company whose majority share holder was Birla Group of India-employed 1,300 permanent employees and 3000 casual workers. The factory's closure led to the shutting of Panpaper High school, Panpaper primary school, a community dispensary, Pan paper Guest house and a cultural centre. The plant was first closed in 2009 after the Kenya power company disconnected electricity over a sh100 million bill and with other creditors demanding in excess of sh7 billion. Since then, attempts to restart the factory, which opened in 1974, have failed even with the injection of cash by the central government. When the

factory started, it saw the emergence of a town following the influx of more than 1500 workers. But the increase in power charges and competition from other markets, local publishers started complaining of the quality of webuye paper and the price which was above world levels. Pan paper was an energy-intensive plant and could not compete with government subsidized mills in other countries and a general decline in wood-based products. Although the government of Kenya paid Sh1.2 billion in 2013 in a bid to re open the factory, the rise of computers and the internet has reduced the need for paper as major customers turn to new technology including digital media. More so, the National Pencil company limited which produced Diamond brand of pencils, Crayons, and Coloured pencils from Nyahunuru; East African Records, the only record pressing company in Kenya by 1990s and Juja's East Africa Bag and Cordage- a victim of cheap exports. At their prime, these companies boomed- now they are facing away or remain as memories.

The criticism of creative destruction, as a means of destructive tendency, is only in the short run. When there is crisis as a result of result of retrenchment of people from their work places but such a situation also has countervailing effect which triggers off determination and commitment on the part of people who have mindset in entrepreneurship, leading to their success in business outlets. Due to high level unemployment in Africa, a lot of school leavers have exploited many areas of interest in business, in such a way that many are regretting.

3.7. Why is Creative Destruction Good?

Over time, societies that allow creative destruction to operate grow more productive and richer; their citizens see the benefits of new and better products, short work weeks, better jobs, and higher living standards. Herein lies the paradox of progress. A society cannot reap the rewards of creative destruction without accepting that some individuals might be worse off, not just in the short term, but perhaps forever. At the same time, attempts to soften the harsher aspects of creative destruction by trying to preserve jobs or protect industries will lead to stagnation and decline as we can in some countries in Africa today.

Schumpeter's enduring term reminds us that capitalism's pain and gain are inextricably

linked. The process of creating new industries does not go forward without sweeping away the pre existing order. The essential point to grasp is that in dealing with capitalism we are dealing with an evolutionary process. The process can be bumpy and unpleasant, but the trend line is toward growth and progress.

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CHAPTER FOUR

EXTRACTIVE INSTITUTIONS IN AFRICA

4.1 Africa and the Challenges of Development

The cover story of the May 13-19, 2000 edition of "The Economist" dramatically described the woes in Africa- a map of Africa, a picture of a young soldier with a gun slung over his shoulder with the caption: "The Hopeless Continent." Explicating this story, the editors highlight issues of floods, famine, poverty, diseases and state sponsored thugs that have consistently plagued the continent.¹ Although, this report drew a lot of criticism for its supposed basis, shallowness, and negativity. But the question remains, is it far from the truth? In the words of Sule, the discourse on Africa is a dialectics about agony and afro-pessimism; the world's optimism about post-independent Africa following initial signs of development has waned as a consequence of very abysmal performances by African governments.² Development in sub-Saharan Africa has trailed other developing regions of the world, especially Asian countries. For instance, per capita GDP in East Asia has essentially grown by 800 percent since 1960 and, in some low income countries; the per capita GDP has doubled. The reverse is the case in sub-Saharan Africa with virtually abysmal per capita GDP growth over the same period. Going by the World Development Indicators, the average growth rate of income per capita in East Asia and the Pacific in the period 1960 to 2004 was a remarkable 4.9 percent; among the OECD countries it was 2.7 percent, but it was a paltry 0.5 percent in sub-Saharan Africa. Sule postulates that available data indicates that while only about 12.5 percent of the world population is domiciled in Africa, approximately 43 percent of the world's poor are Africans.³ Frustratingly, Africa's poor population defied the Millennium Development Goals which, among other things, aimed at halving the World's poor population by 2015. Sule avers that the number of poor people in Africa in 2005 was in the region of 300 million. With very rapid population growth at 2.7 percent annually, the figure today is in the region of 436 Million.⁴

This is alarmingly disturbing as expert projections have suggested that, in the coming future the world's extreme poverty will be increasingly concentrated in Africa. Thus, Africa is the only region of the world where poverty is increasing in stark contrast to the dramatic gains in the fight against poverty that are seen elsewhere, most notably in Asia. There is also increasing evidence not only that more Africans are falling into poverty, but of a wide gap of income inequality between ordinary African and African elites. These elites control both the

dwindling economic opportunities and the machinery of the state, ensuring the protection of their economic and political privileges. In such environments, Sule observes, efforts to open opportunities for majority of the population have very few powerful supporters.⁵

Africa has also performed poorly in terms of other income and non- income indicators of development. For example, globalization today is integrating world economies and contributing to the growth of many developing countries. If anything, the impact of globalization on Africa has been largely negative. Africa's volume of world trade has declined from 3.5 percent in the 1970's to 2.5 percent today. This decline is equivalent to an annual loss of approximately \$70 billion; a figure which, when compared with the \$25 billion that come to Africa yearly as developmental aid, the significance of Africa's declining participation in international trade becomes even more clearer. Less engagement with the global economy means that Africa is also missing out on the technical transformation critical to laying the investment foundations for the future.

Africa's decline in international trade is clearest in the 2006 Trade and Development index global rankings. Of 123 countries studied, the United States ranked 1st in TDI, followed by Denmark and the United Kingdom. The top positions were occupied by developed economies with the exception of Singapore, which ranked fifth. Southern European countries are at the bottom of the top 30, while only five developing countries made the cut of top 30 performers. Besides, Singapore, the others include the Republic of Korea (No. 20), China (No.25), Malaysia (No.27) and Thailand (No. 29). At the end, all but 2 of the bottom 20 countries are either Least Developed Countries or Sub-Saharan African countries or both. This indicates the severity of problems confronting LDCs and Sub-Saharan African countries in integrating trade and development.

Africa's gradual but consistent decay from the early 1970s to the beginning of the 1990s can also be gleaned from social indicators. Over this period, Africa has trailed other regions of the world in the areas of access to piped water and sanitation, primary education completion rates, and gender equality. These problems were then compounded by the HIV/AIDS pandemic, series of destructive conflicts and, today, terrorism and criminality. An estimated 30 million

people have been displaced by conflicts and terrorism, with large numbers dying in such places as the Great Lakes region, Sierra Leone, Sudan, Somalia, Nigeria, and so on. Many children in the continent are malnourished or stunted; many others die before their fifth birthday. Millions more do not attend schools and many girls face limited opportunities simply because of their gender. The youths' future is already being mortgaged in many ways. Most of them are either unemployed or underemployed. Even though these were part of the issue that necessitated the Millennium Development Goals (MDGs), it is instructive that Africa did not come close to achieving those targets. Since independence of the continent from the shackle of colonialism, Africa has engaged in urgent pursuit of development to no avail.

There has been sustained theorizing on how best Africa can overcome the challenges of underdevelopment. But so far; Africa is yet to conquer those impediments militating against development particularly, innovations that undermine the African aspiration for sustainable development. To the extent that Agundu citing Heeger observed that underdevelopment threatens to become a permanent condition rather than a transitory stage⁶

Sule avers that these scenarios are exacerbated by the decimation of African economies by the political elites, which undermine their duty to govern. Beginning almost immediately after independence, African States assumed some expanded roles amidst considerable pressure. As Sule citing Mavado couched it, "Coups, conflicts, and the estrangement of the nation- state from its citizenry led to deterioration in governance and a rise in official corruption."⁷ However, we must not forget that Africa is a continent and that within this broad categorization are individual countries such as Equatorial Guinea, Botswana and Mauritius whose governments are committed to good governance, poverty reduction, fight against corruption and development in general. These exceptions notwithstanding, the tale of development in Africa is one of a failed political economy, puny institutions, and an excessive abuse of power by African elites.

4.1.2. Africa's Underdevelopment: Towards a Theory of Explication

The discourse about the failure of the states in Africa has now become a discipline with a large library. A survey of the literature would be a daunting task, as would an attempt to give a comprehensive account of two broads' categorization: external and internal. Some scholars, even today, blame Africa's development challenges squarely on colonialism. In his book *Wretched of the Earth*, Fanon introduces the colonial world as one that is divided into the colonist and the colonized.⁸ These identities are created by the colonist in order to assert his own superiority. The colonist maintains the hierarchy through violence by police and soldiers. Fanon draws upon his research as a psychiatrist in Algeria in the 1950s to describe the psychological disorders colonialism produces. For him colonialism teaches the colonized that they are evil and even subhuman, the colonized are always questioning reality, leading to a number of psychoses including depression and anxiety disorders.⁹ Similarly, Paulo Freire agrees with Fanon that colonialism results in dehumanization of Africans. Freire argues that banking approach, the metaphor he used stimulates oppressive attitudes and practices in society.¹⁰ Freire advocates for a more-world mediated, mutual approach to education that encourages the co-creation of knowledge. According to Freire, this authentic approach to education must allow people to be aware of their incompleteness and strive to be more fully human.¹¹ This attempt to use education as a means of consciously shaping the person and the society is called conscientization, a term first coined by Freire.

In the words of Rodney Africa was deliberately exploited and under developed by European colonial regimes.¹² The combination of power politics and economic exploitation of Africa by Europeans led to the poor state of African political and economic development evident in the late twentieth century.¹³ Gauba observes that due to heavy drainage of Africa's resources and exploitation of their people during colonial domination, Africans find themselves at a very low level of development as reflected in the low per capita income and limited distribution of technology.¹⁴

If you argue that there are other colonized nations, especially in Asia, that are now doing very well, attention is drawn to the varying degrees of colonial exploitation and denigration in

both continents. Similarly, there are those who argue that the problems are as a result of deteriorating terms of trade and a generally hostile environment in the global economy. The solution, they assert, lay in greater self-reliance. Such arguments, according to Sule had translated into policies that have effectively shut off Africa from the global economy. It is in line with this fact that Agundu observes that among the challenges of development in Africa, and of all the factors, leadership deficit has constituted a major factor in Africa's present predicament.¹⁵ Agundu notes:

The foundation of political leadership in Africa appears to have been erected on greed and primitive quest for wealth and material accumulation instead of public spiritedness. This fact was evident in the political aspiration of the founding fathers of most nations in post-colonial Africa. Their struggle for independence and liberation was informed chiefly by the desire to access material wealth instead of service to the people.¹⁶

He further argues that political intensity was reinforced by the tendency to use state powers for accumulation.¹⁷ This practice was associated with the weak material base of the new political leaders, who had been economically marginalized by the discriminatory economic policies of the colonial regimes. Even when they came to power, they had little experience of entrepreneurial activity and little or no capital.¹⁸

Another external factor (although with some internal underpinnings) as the issue of foreign aid. Here scholars attribute the ubiquitous incidences of underdevelopment to the intervention of world institutions like the World Bank and the International Monetary Fund (IMF). These interventions, they argue, come in aids to assist Africa's development, but with certain conditionalities that are harmful to African economies. Despite the substantial amount of aid to African countries, no meaningful development can be said to have been achieved. Some scholars have blamed this failure on both legal and illegal capital flights from Africa which exceeds \$50 billion a year. Some estimates go as high as \$100 billion; this far exceeds annual receipts of aid, which averaged \$20 billion between 2000 and 2004 or of private investment estimated at \$10 billion. "The amount of capital held abroad by Africans is thought to be over \$500 billion, most of it owned by Africa's political and bureaucratic elite." Most of these

funds accrue from aid and earnings from natural resources, which are not properly accounted for.

Some scholars argued that abundance in natural resource across countries is an important factor in determining the level of corruption in such countries. Sala-i-Martin and Subramanian, using Nigeria as a case, maintained that natural resources exert a negative and nonlinear impact on growth via their deleterious impact on institutional quality; they argued that waste and corruption from oil rather than Dutch disease are responsible for Nigeria's poor economic performances.¹⁹ To this end, therefore, it is argued that what poses binding constraints on Africa's development is not financial capital, but chronic corruption. Sule citing Mistry argues:

Africa suffers from a chronic inadequacy of human, social and institutional capital. Without such human social and institutional capital (which is not the same as capacity-building), development in Africa will not occur, no matter how much aid is thrown at it.²⁰

On the other hand, some scholars have argued that, although external factors contributed to the hardships in Africa, the problem of underdevelopment in Africa is basically internal. Such internal factors include issues of bad leadership and governance, corruption, political instability, violence, conflicts and terrorism. Analysts who favour this trend in explicating the woes of Africa no longer find the blame game rhetoric- colonialism, neo- colonialism, and imperialism fashionable. This is because, according to Sule Africans themselves are major culprits of the destruction of Africa today.²¹ Similarly Udoka points to the fact that previously colonized countries in Asia have wriggled out of underdevelopment. Thus:

Colonies of European imperial expansion in Asia have broken out of the shackles of underdevelopment....in view of current global occurrences, it is difficult to continue to attribute underdevelopment in Africa to the effect of monopoly, capitalism and imperialism. Currently, former and have created strong structures in manufacturing, finance and technology. Indeed, the Asian tigers namely, South Korea, Philippines, Malaysia, Singapore....Which were once colonized, are now dictating the pace of global economic

growth.²²

For scholars like Udoka, the issues with Africa today are a consequence of several insalubrious internal factors of which corruption and bad governance rank top most. Other analysts blame the predicament on Africa's geography, lack of economic principles, culture and ignorance. In his book *Guns, Germs and Steel* the ecologist and evolutionary biologist Jared Diamond argues that the global south countries are largely poor because of accidents of geography and ecology. Diamond argues that the gaps in power and technology between human societies originate primarily in environmental differences, which are amplified by various positive feedback loops. He further explains:

When cultural or genetic differences have favoured Eurasians, these advantages occurred because of the influence of geography on societies and cultures (for example, by facilitating commerce and trade between different cultures) and where not inherent in the Eurasian genomes. Diamond realizes the same question seemed to apply elsewhere: "people of Eurasian origin dominate the world in wealth and power". Other people, after having thrown off colonial domination, still lag in wealth and powers.²³

Still others have been decimated, subjugated, and in some cases even exterminated by European colonialists. The people of other continents (sub Saharan Africans, Native Americans, Aboriginal Australians and New Guineans, and the original inhabitants of tropical South east Asia) have largely conquered, displaced and in some extreme cases- referring to native Americans, Aboriginal Australians, and South Africa's indigenous Khoisan peoples largely exterminated by farm based societies such as Eurasians and Bantu.²⁴ Diamond believes this is "due to these societies' technologies, stemming from the early rise of agriculture after the last ice age."²⁵ The book title is a reference to the means by which farm based societies conquered populations of other areas and maintained dominance despite sometimes being vastly outnumbered. Superior weapons provided immediate military Superiority (guns); Eurasian diseases weakened and red local populations who had no immunity, making it easier to maintain control over them (germs); and durable means of transport (Steal) enabled imperialism.²⁶

However, Diamond states that Eurasia gained early advantages due to the greater availability of suitable plant and animal species for domestication. In particular Diamond explains:

Eurasia has barley, two varieties of wheat and three protein- rich pulses for food; flax for textiles; and goats, sheep, and cattle. Eurasian grains were richer in protein, easier to sow, and easier to store than American maize or tropical bananas. As early western Asian civilizations began to trade, they found additional useful animals in adjacent territories, most notably horses and donkeys for use in transport. Diamond identifies thirteen species of large animals over hundred pounds (45kg) domesticated in Eurasia, compared with just one in South America and none at all in the rest of the world.²⁷

Diamond further argues that Eurasians domesticated goats and sheep for hides, clothing, and cheese, cows for milk; bullocks for tillage of fields and transport; and benign animals such as pigs and chickens. Large domestic animals such as horses and camels offered the considerable military and economic advantages of mobile transport.²⁸ Stressing further, he avers that Eurasia's large landmass and long east-west distance increase these advantages. Its large area provided it with more plant and animal species suitable for domestication, and allowed its people to exchange both innovations and diseases.²⁹ Diamond maintains that Africa was fragmented by its extreme variations in climate from north to south. Crops and animals that flourished in one area never reached other areas where they could have flourished, because they could not survive the intervening environment.³⁰ Therefore, none of the many African mammals such as the Zebra, antelope, Cape buffalo, and African elephant were ever domesticated. Small domesticable animals such as dogs, cats, chickens, and guinea pigs may be valuable in various ways to an agricultural society, but will not be adequate in themselves to sustain large scale agrarian society.³¹

Ian Morris in his book *Why the West Rule for now* agrees with Diamond that physical geography rather than culture, Religion, politics, or great men explains western domination of the globe.³² Others instead point to culture as the root cause of these problems. In his book *The Protestant Reformation and the Protestant ethic*. The great German sociologist Max Weber relates prosperity to culture. The culture hypothesis, just like the geography hypothesis,

has a distinguished lineage. According to Weber, "Religion is a major factor in the development of culture of a society. Being a major factor in a society, religion is bound to have some effect on economic development."³³ Weber analyzes religion and its impact on economic organization of the society. He states:

Religious beliefs are the driving or restraining force for generating entrepreneurial activity. The religious beliefs play a crucial role in determining the behaviour or actions of the entrepreneur towards generating or limiting profit.³⁴

Weber is the first among the social scientists, who took the position that entrepreneurial growth is dependent upon the ethical values of society. Weber positions against Marx's historical materialist approach to theorizing the emergence and development of capitalism, he presents a theory in which the values of ascetic Protestantism fostered the acquisitive nature of the capitalist economic system.³⁵ In fact Weber's discussion of the relationship between culture and economy was a ground-breaking theory at that time. It set up an important theoretical tradition in sociology of taking the cultural realm of values and ideology seriously as a social force that interacts with and influences other aspects of society like politics and the economy. Arguments from African scholars like Manthia Diawara runs thus:

Tradition, with its encumbering rituals, chauvinism, and tribal identity, presents the same threat to African modernization that it posed to colonialism. I often wonder why we have not put our traditions in museums and folklore centres, as have other nations travelling to Europe, America and Asia. I have had occasions to observe that other peoples once had some of the same rituals, masquerades, and belief systems that we Africans consider unique to our own traditions today. The difference is that they have put the relics of their traditions in museums, preferring to come to their rendezvous with modernity with as little baggage as possible, whereas we always come to the table burdened with our traditions-approaching things as Africans, not as individuals.³⁶

More so, the culture question in Africa's development has generated a lot of reactions from African philosophers like Sodipo J.O., Kwame Gyekye, Olusegun Oladipo, Kwasi Wiredu and a host of others who have defended the positive role culture can play in development.

Their defense is anchored on the understanding of culture as value systems which are dear to a particular set of people. Their argument has revolved around those cultural values of Africans that ought to be preserved in the race to development. For Wiredu, the culture puzzle in African development can be resolved through a process of cultural cross-breeding that is, of analyzing, identifying and separating the backward aspects of African culture from those that are worth preserving.³⁷ In other words, cultural negatives like superstition and authoritarianism must be rejected for positive ones like the humanistic orientation of traditional ethical thinking and the sense of community. Wiredu believes that no culture is self-sufficient and that adopting the positive aspects of other cultures does not amount to betrayal of African cultures: "to borrow from another culture does not necessarily imply a belief in the overall superiority of that culture."³⁸

David Landes in his book *The wealth and poverty of Nations* elucidates the reasons why some countries and regions of the world experienced near miraculous periods of explosive growth while the rest stagnated. He does this by comparing the long term economic histories of different regions of the world. Landes's explanation of the wealth and poverty of nations is simple: rich nations are once poor nations that developed market economies; poor nations are once and still poor nations that did not.³⁹ For Landes market economies require governments that do not interfere with people's economic affairs except to protect property rights.⁴⁰ Landes builds his case by recounting the history of world economic development. Landes notes that geographical factors played a large role in the patterns of development, and that some areas had advantages due to climate and natural resources that enabled them to develop sooner than others. Landes also argues that geographical advantages, in the long run, can be disadvantages, because if wealth comes too easily, people do not have as much incentives to work hard and to use their wealth productively.⁴¹ Williams Easterly in his book *The Elusive Quest for Growth* holds that the numerous efforts to remedy extreme poverty in the third world countries have failed because they have neglected that individuals, businesses, governments and donors respond to incentives.⁴² He further holds that the failure of economic development in poor tropical nations is not the failure of the economics, but the

apply economic principles to practical policy work.⁴³ Easterly discusses the failed efforts of the states to use education, family planning, and debt forgiveness as means to grow out of poverty. For a student in a poor country to value and invest in her own education if there is no future return for that investment. He finally suggests that aid should be tied to prior achievement rather than promises of political leaders, and that aid should increase with further improvement.

Another approach to the internal dialectics of Africa's underdevelopment is the Ignorance hypothesis. In his book *Essay on the Nature and Significance of Economic Science*, Lionel Robbins postulates that a market economy is an abstraction that is meant to capture a situation in which all individuals and firms can freely produce, buy, and sell any products or services that they wish.⁴⁴ When these circumstance are not present there is a "market failure". Lionel observes that such failures provide the basis for a theory of world inequality, since the more that market failures go unaddressed; the poorer a country is likely to be.⁴⁵ In the words of Acemoglu and Robinson, ignorance hypothesis maintains that:

Poor countries are poor because they have a lot of market failures and because economists and policymakers do not know how to get rid of them and have heeded the wrong advice in the past. Rich countries are rich because they have figured out better policies and have successfully eliminated this failures.⁴⁶

Another approach to the internal dialectics of Africa's underdevelopment is that given by Acemoglu and Robinson, and it states that "Africa as well as other nations of the world failed not necessarily as a result of environmental damages or cultural differences, but as a result of extractive institutions."⁴⁷

Acemoglu and Robinson in their book *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* answered the question why are some countries rich and others poor. They used the inequalities that exist between the cities of Nogales Arizona and Nogales Sonora to illustrate the causes of underdevelopment in Africa and in some nations in the developing world.

The authors agree:

The city of Nogales is cut in half by a fence. If you stand by it and look north, you will see Nogales, Arizona, located in Santa Cruz country. The income of the average household there is about \$30,000 a year. Most teenagers are in school.....Many of the residents are above age sixty-five and have access to Medicare. The people of Nogales, Arizona, Can go about their daily activities without fear for life or safety and not constantly afraid of theft, expropriation, or other things that might jeopardize their investments in their businesses and houses.....⁴⁸

Life South of the fence, just a few feet away, is rather different. While the residents of Nogales, Sonora, Daron and Robinson posit:

Live in a relatively prosperous part of Mexico, the income of the average household there is about one-third that in Nogales, Arizona. Most adults in Nogales, Sonora, do not have a high school degree, and many teenagers are not in school....They also don't have access to many public amenities. Crime is high and opening a business is a risky activity. In contrast to their northern neighbours, democracy is a very recent experience for them.....⁴⁹

Acemoglu and Robinson argue that there is a very simple and obvious explanation for the differences between the two halves of Nogales. The very border that defines the two halves of Nogales, Arizona, is in the United States. Its inhabitants have access to the economic institutions of the United States, which enable them to choose their occupations freely, acquire schooling and skills, and encourage their employers to invest in the best technology, which leads to higher wages for them. Nogales, Sonora, are not so lucky. They live in a different world shaped by different institutions. These different institutions create very disparate incentives created by the different institutions of the Nogaleses and the countries in which they are situated are the main reason for the differences in economic prosperity on the two sides of the border. These institutions according to Acemoglu and Robinson are both economic and political, and they are extractive when they are closed to other people coming into the polity.⁵⁰ This entails lack of both economic and political opportunities within a

society.

4.2. Understanding the terms Extractive Political and Economic Institutions

According to Acemoglu and Robinson, "Politics is the process by which a society chooses the rules that will govern it." Politics surrounds institutions for the simple reason that while inclusive institutions may be good for the economic prosperity of a nation.⁵¹ When there is conflict over institutions, what happens depends on which people or group wins out in the game of politics, who can get more support, obtain additional resources, and form more effective alliances. In short, who wins depends on the distribution of political power in society. In the words of Acemoglu and Robinson:

The political institutions of a society are a key determinant of the outcome of this game. They are the rules that govern incentives in politics. They determine how the government is chosen and which part of the government has the right to do things. Political institutions determine who has power in society and to what ends that power can be used. If the distribution of power is narrow and unconstrained, then the political institutions are absolutist. In contrast, political institutions that distribute power broadly in society and subject it to constraints are pluralistic.⁵²

Acemoglu and Robinson theorize that there are two kinds of institutions; Extractive institutions and inclusive institutions. "Extractive political institutions concentrate power in the hands of a narrow elite and place few constraints on the exercise of this power." Extractive economic institutions are synergically linked to extractive political institutions, which concentrate power in the hands of a few, who will then have incentives to maintain and develop extractive economic institutions for their own benefit and use the resources they obtain to cement their hold on political power. "In fact, according to Acemoglu and Robinson, they must inherently depend on extractive political institutions for their survival."⁵³ Political institutions enable the elites controlling political power to choose economic institutions with few constraints or opposing forces. They enable the elites to structure future political institutions and their evolution. Extractive economic institutions, in turn, enrich the same

elites, and their economic wealth and power help consolidate their political dominance. Those who benefit from extractive institutions thus have the resources to build their private armies and mercenaries, to buy their judges, and to rig their elections in order to remain in power. They also have every interest in defending the system. Therefore, extractive economic institutions create the platform for extractive political institutions to persist.

Power is valuable in regimes with extractive political institutions, because power is unchecked and brings economic riches. Extractive political institutions also provide no checks against abuses of power. Whether power corrupts is debatable, but Lord Acton was certainly right when he argued that "absolute power corrupts absolutely."⁵⁴

Extractive institutions typically lead to stagnation and poverty. But this implies neither that extractive institutions are created equal. In the words of Acemoglu and Robinson, extractive institutions can generate economic growth and certainly not the type of growth that is accompanied by creative destruction.⁵⁵ Acemoglu and Robinson state:

When both political and economic institutions are extractive, the incentives will not be there for creative destruction and technological change. For a while the state may be able to create rapid economic growth by allocating resources and people by fiat, but this process is intrinsically limited. When the limits are hit, growth stops, as it did in the Soviet Union in the 1970s....⁵⁶

According to Acemoglu and Robinson, "these tendencies do not imply that extractive economic and political institutions are inconsistent with economic growth."⁵⁷ On the contrary, "every elite would, all else being equal, like to encourage as much growth as possible in order to have more to extract."⁵⁸ What is crucial, however, is that growth under extractive institutions will not be sustained, for two key reasons. First, sustained economic growth requires innovation, and innovation cannot be decoupled from creative destruction, which replaces the old with the new in the economic realm and also destabilizes established power relations in politics. Because elites dominating extractive institutions fear creative destruction, they will resist it, and any growth that germinates under extractive institutions will be short lived. Second, the ability of those who dominate extractive institutions to benefit greatly at the expense of the rest of society implies that the political power under extractive institutions

is highly coveted, making many groups and individuals fight to obtain it. As a consequence, there will be powerful forces pushing societies under extractive institutions toward political instability.

However, Acemoglu and Robinson further argue:

Extractive institutions engender continues infighting and civil wars. These civil wars then cause more human suffering and also destroy even what little state centralization these societies have achieved. This also often starts a process of descent into lawlessness, state failure, and political chaos, crushing all hopes of economic prosperity.⁵⁹

Most important, the growth generated by extractive institutions is very different in nature from growth created under inclusive institutions. It is not sustainable. By their very nature, extractive institutions do not foster creative destruction and generate at best only a limited amount of technological progress. In the economy, extractive institutions manifested themselves not just in the opposition to Lee's invention as Acemoglu and Robinson observe, but also in the form of monopolies. As the English historian Christopher Hill puts it,

A man lived in a house built with monopoly bricks, with windows.... of monopoly glass; heated by monopoly coal, burning in a grate made of monopoly iron... He washed himself in monopoly soap, his clothes in monopoly starch. He dressed in monopoly lace, monopoly linen, monopoly leather, monopoly gold thread... His clothes were held up by monopoly belts, monopoly buttons, monopoly pins...⁶⁰

These monopolies and many more gave individuals or group the sole right to control the production of many goods. They impeded the type of allocation of talent, which is so crucial to economic prosperity.

4.3. Features of Extractive Institutions in Africa

4.3.1. Weak Institutions

Institutions have a substantial impact on the way societies develop and on their long-term fortunes. To try to change society, attention should be given to the institutions that exist at every level of our society. Institutions include both organized structures enshrined in law as

well as widespread practices that dominate areas of a society's way of life. In the words of Peter Sule, "Nations fail because of weak institutions."⁶¹ This is because the question of political inclusiveness which robs on economic inclusiveness does not arise because, at a given time, inclusiveness is determined by constitution. In other words, for Sule, political institutions can only allow in a sizeable amount of people in the polity at a given time. One may argue that if the election that brought people into a given political institution is fraudulent, such institution is extractive. As a direct response to pressing developmental issues of democracy, inequality, and growth are political obstacles to development-enhancing policies; and, most importantly, weak institutions and corruption.

What is clear from these studies is the fact that the quality, transparency and predictability of institutions have both direct and indirect impact on economic growth and development. Sule, citing Roderick et al emphasized the primacy of strong, quality institutions over geography and trade in determining income levels and development around the world.⁶² Sule argues that a country's long-run economic performance is determined by its social infrastructure, that is, the institutions and government policies which provide incentives that may either encourage productive activities or predatory behaviour like rent-seeking, corruption, and theft.⁶³ Sule observes that a unit increase in corruption reduces the growth rates of GDP and per capita income by between 0.75 and 0.9 percentage points and between 0.39 and 0.41 percentage points per year respectively. Sule citing Torvik argues that corruption and rent-seeking activities, which translate into the natural resource curse, are more likely to result in a country with weakly developed institutions.⁶⁴

The example of Botswana is quite instructive here. A government minister was once asked why his country is so different from other African countries, and his reply was that, at independence, the country was so poor that there was nothing to steal from the public office. The culture of not stealing in public office became so ingrained in Botswana that even after the discovery of diamonds, the country did not go back on decades of acquired habit. Botswana's outstanding exemption to the decadence in Africa is a product of the strong

institutions set in place by successive post-colonial governments. If proper institutions were not in place when diamonds were discovered, it is most likely that the country would have suffered from the so-called natural resource curse. For Sule, extractive institutions are product of corruption; it takes a corrupt regime to be extractive, only weak institutions can breed extractive regimes. Where the institution is not weak- like a corrupt judiciary, executive (where the president is bigger than the state/constitution and can nominate members of the legislature if he so pleases) and legislature, corrupt military and the police force- extractive institutions will not surface.

With reference to how easily the judiciary can be manipulated, a particular People Democratic Party's (PDP) senator in North-Central Nigeria is fond of saying 'elections are easier won in courts than in polling units'. Therefore, the argument goes, get announced at the polling units by any means and the court is a mere formality. Such argument is the hallmark of a highly corrupt and weak judicial institution. President Muhammadu Buhari made a submission that also attests to the weakness of the judiciary in Nigeria. According to him, the current state of the judiciary is the biggest challenge in the fight against corruption: on the fight against corruption vis-a-vis the judiciary. He drew attention to how long it takes to prosecute a case in Nigeria's courts, particularly how he was frustrated at the Supreme Court in past elections: first attempt in 2003 lasted thirteen months, second attempt in 2007 lasted about twenty months while the third attempt in 2011 lasted nine months. With this he concluded that far-reaching reforms of the judiciary are a top priority for his administration if it is to succeed in the fight against corruption.

Such reforms must include obsolete aspects of the penal Code of Nigeria. It will be recalled that most of the high profile cases of corruption in the country (Taxa Balogun, November 2005; Lucky Igbinedion, December 2008; and John Yusuf, January 2013, to mention a few) in recent past have been resolved through plea bargain to the chagrin and utter mortification of the populace. Arguments in favour of plea bargain often claim that it saves time and cost in the prosecution of criminal cases. For instance, in the plea-bargained case of John Yusuf (who diverted 27.2 billion police pension fund), the maximum sentence in section 309 of the penal Code under which he was charged is a jail term of not more than two years with an option of

fine (it will be recalled that John Yusuf paid the fine of seven hundred and fifty thousand right in court and walked away a free man). Most proponents of plea bargain would have no issues with such sentence because, for them, it will amount to a great disservice to use, say ten million naira of tax payers' money to prosecute a case in which the maximum sentence is a two years jail term or a seven hundred and fifty thousand naira fine. But is this punishment proportional to the severity of the crime? Did the pensioners whose monies were diverted and who suffered untold hardships of varying degrees get Justice? What is Justice? Is a mere court ruling essentially just? Nevertheless, one thing is clear: as far as the judiciary is concerned, the panel Code is a great weakness and Nigeria must review it together with other weak aspects of the judiciary for any fight against corruption to be meaningful and achieve desired results.

4.3.2. Lack of Credit and Overdependence on Imported Machinery

Acemoglu and Robinson observe that "lack of industries is one of the reasons why there are severe limits to growth under extractive institutions. The authors aver:

inclusive institutions create inclusive markets, which not only give people freedom to pursue the vocations in life that best suit their talents but also provide a level playing field that gives them the opportunity to do so. Those who have good ideas will be able to start businesses, workers will tend to go to activities where their productivity is greater, and less efficient firms can be replaced by more efficient ones.⁶⁵

For Acemoglu and Robinson, sustained economic growth is almost always accompanied by technological improvements that enable people to become more productive. Abnatio, the great grandparents, just a century ago, did not have access to planes or automobiles or most of the drugs and health care people take for granted, not to mention indoor plumbing, air conditioning, shipping malls, radio, or motion pictures; let alone information technology, robotics, or computer-controlled machinery. And going back a few more generations, the technological know and how and living standards were even more backward, so much so that people would find it hard to imagine how most people then struggled through life

These improvements follow from science and from entrepreneurs such as Thomas Edison, who applied science to create profitable businesses. Thomas Edison, the inventor of the phonogram and the light bulb and the founder of General Electric, still one of the world's largest companies. Edison was the last of seven children. His father, Samuel Edison, followed many occupations, from splitting shingles for roofs to tailoring to keeping a tavern. Thomas had little formal schooling but was homeschooled by his mother. The striking thing about the evidence on patenting in the developed world is that people who were granted patents came from all sorts of backgrounds and all walks of life, not just the rich and the elite. Many made fortunes based on their patents. For Acemoglu and Robinson, between 1820 and 1845, only nineteen percent of patentees in the United States had parents who were professionals or were from recognizable major landowning families.⁶⁶ During the same period, forty percent of those who took out patents had only primary schooling or less, just like Edison. Moreover, they often exploited their patent by starting a firm, again like Edison. Just as the United States in the nineteenth century was more Democratic politically than almost any other nation in the world at the time, it was also more Democratic than others when it came to innovation. This was critical to its path to becoming the most economically innovative nation in the world. If you are poor with a good idea, it was one thing to take out a patent, which was not so expensive. It was another thing entirely to use that patent to make money. One way of course, was to sell the patent to someone else. This is what Edison did early on, to raise some capital, when he sold his Quadruplex telegraph to Western Union.

However, this was not so in sub-Saharan African States. African countries have many potential Bill Gates and perhaps one or two Albert Einsteins who are now working as poor, uneducated farmers, kidnappers, barrow pushers, being coerced to do what they don't want to do, because they never had the opportunity to realize their vocation in life. In Africa, there are men and women with innovative ideas, who have the skills of creating things but because there is no level playing field for these young entrepreneurs to innovate, they end up not achieving their dreams and aspirations. There is no sustained economic growth in Africa today because the countries in Africa have sat down to consume everything that comes from

the western world without harnessing their route to development. Most of the technology and machines used by local manufacturers in Africa are imported from other countries, and these machines are usually very expensive. This hinders potential industrialists from venturing into production. Other hindrances include inadequate raw materials, production of sub-standard goods, illiteracy and inadequate skilled manpower, insecurity among others. All these impediments stem from the way political power is monopolized by the elite in control. There are high level of unemployment, poverty and illiteracy in some parts of Africa today. This is caused by economic institutions that failed to create incentives for parents to educate their children and by political institutions that failed to induce the government to build, finance, and support schools and the wishes of parents and children. More importantly, Acemoglu and Robinson note:

As institutions influence behaviour and incentives in real life, they forged the success or failure of nations. Individual talent matters at every level of society, but even at that needs an institutional framework to transform it into a positive force. Bill Gates, like other legendary figures in the information technology industry (such as Paul Allen, Steve Ballmer, Steve Jobs, Larry Page, Sergey Brin, and Jeff Bezos), had immense talent and ambition. But he ultimately responded to incentives.⁶⁷

The schooling system in the United States enabled Gates and others like him to acquire a unique set of skills to complement their talents.⁶⁸ The economic institutions in the United States enabled these men to start companies with ease, without facing insurmountable barriers. Those institutions also made the financing of their projects feasible. The U.S. labour markets enabled them to hire qualified personnel, and the relatively competitive market environment enabled them to expand their companies and market their products.⁶⁹ These entrepreneurs were confident from the beginning that their dream projects could be implemented: they trusted the institutions and the rule of law that these generated and they did not worry about the security of their property rights. Their political institutions ensured stability and continuity. For one thing, they made sure that there was no risk of a dictator taking power and changing the rules of the game, expropriating their wealth, imprisoning them, or threatening their lives and livelihoods. They also made sure that no particular

interest in society could wrap the government in an economically disastrous direction, because political power was both limited and distributed sufficiently broadly that a set of economic institutions that created the incentives for prosperity could emerge.

But in Africa today, the reverse is the case; most teenagers are not in school. Law and order is in worse condition. Crime is high and opening a business is a risky activity, not only do one risk robbery, but getting all the permissions and greasing all the palms just to open a business, that is why in Africa today people die every day by day because of fake products and expired drugs that are been shipped in and sold in African. The governments are just too happy to extract resources from the masses for their own benefit. Many industries in Africa have collapsed due to lack of power supply, poor maintenance and monopoly as experienced in Nigeria today. All these problems are as a result of bad leadership.

4.3.3. Hierarchies and inequality (Elitism)

Extractive institutions develop and perpetuate hierarchies and inequality. Historically, extractive institutions were heavily employed by African countries. The goal of these institutions was to increase the profits of the elite. High levels of economic inequality tend to develop in societies dominated by extractive institutions. The history of the United State is a testament to how extractive institutions can preserve and can reincarnate themselves. When slavery was abolished, a panel system was developed that essentially made slaves out of the inmates in the South. Jim Crow laws restricted the rights of African- American farmers in a perpetual state of poverty while the owner of the farmland profited immensely.⁷⁰ At their core extractive institutions are predatory. They have the effect of enriching elite by extracting resources from another group. The domination of an organized minority over the unorganized majority is inevitable. In their interesting book titled *Persistence of Power, Elites and Institutions* Acemoglu and Robinson argue that "the power of any minority is irresistible as against each single individual in the majority, who stands alone before the totality of the organized minority."⁷¹ The doctrine of elite rule stands on the notion that men are inherently

unequal and thus only a 'few' have a title to rule 'many'. The system of slavery that existed in the United States before the civil war is an example of this kind of institution taken to the extreme. The labour and wealth produced by slaves went entirely to the slave masters and slaves lived in extreme poverty under torturous conditions. Historically, extractive institutions were heavily employed by European countries in their colonies, with the exception of settler- colonies. Slavery was one such institution, as was the plantation and extractive taxes regimes. The goal of these institutions was to increase the profits of the colonizer and send wealth back to the colonial powers.

Many less-developed countries, especially those in Latin America and sub-Saharan Africa, have changed their political institutions all too often over the past hundred years, with frequent switches between democracy and dictatorship and multiple challenges in constitutions. While Drawing from Acemoglu and Robinson,

Countries such as Great Britain and the United States became rich because their citizens overthrew the elites who controlled power and created a society where political rights were much more broadly distributed, where the government was accountable and responsive to citizens, and where the great mass of people could take advantage of economic opportunities.⁷²

Whereas, to Acemoglu and Robinson:

Africa is poor precisely because it has been ruled by narrow elite that have organized society for their own benefit at the expense of the vast mass of people. Political power has been narrowly concentrated, and has been used to create great wealth for those who possess it.....⁷³

The first African elites, such as Kwame Nkuruma, Nelson Mandela, Nnamdi Azikiwe and among others, who patriotically and selflessly laid the foundation for developing the countries in Africa after fighting and obtaining the independence from the illegal British domination have come and gone like a lightening, leaving behind tears, doleful and Doloroso. The untimely evanescent of these great leaders of blessed memory have really left the herd of unsuspecting innocent Africans with no any alternative than to face the reality of a doomy and charade adverse leadership style, which is full of blustering and virulent to the health of

African development. It is very unfortunate that leadership in Africa have fall into the hands of wrong leaders who promised to be good babysitters in order to guide the nascent developing toddler to maturity, but ended up as bunch of gluttons with their hoax tendencies. This is prevalent today particularly in Nigeria. Citizens who met the academic qualifications but did not meet the social class expectation are not been considered. African political elites due to their clannish selfish nature have insulated themselves from the masses that have the good intension for the country. They do all possible within their reach to ensure that non-elites do not join their membership because they have bad intention towards the development of the country. They reproduce themselves on an individual and selective basis; there recruitment to the corridor of power is often parochial and bias.

The political office holders especially the electoral bodies, the National Assembly and the executive have failed the masses with their show of inactive on the matters that bother the general public. The frantic efforts to ensure free and fair election which may usher in the patriotic ones have always failed. The cause of this is not farfetched, it is basically because some of the countries in Africa have been hijacked by a stratum of plutocrats and timocrats who happen to be ubiquitous in any administration that comes into power, be it military regime or democracy.

Mazurui observes that a smooth democratic government which is a door way to inclusive institutions of a given nation, becomes effective when it is directed and managed by a stratum of selfless minority group that are imbued with organizational skills, knowledge and drive.⁷⁴ It is worrisome and Blamey says Mazurui when the states affairs are run totally by dead head plutocrats and political machines, a class that uses the resources of the country to consolidate their political and economic interest rather than better the lives of the citizens.⁷⁵ The degree and high rate of their ill accumulated wealth in some African countries have given them privilege to circulate the power within their cartel hegemonic oligarchy, which gives them dolce vita and buzz to carve out their niche by selfishly monopolizing all the sources of power.

African countries should take a cue from the developed nations in relation to models of

development. Many wealth elites in developed countries in-terms of investing consider their own countries first before any other. This is true because for instance, investors like, Warren Buffet of USA, William Henry, Bill Gates, American business magnate and investor, Ted Tuner, an American and the founder of cable news net work (CNN), Carlos Slim Helu of Mexico, Bernard Arnault of France, Larry Ellison of USA, Lakshmi Mitral of India, Amanco Ortega of Spain, Eike Batisha of Brazil, Mukesh Ambani of India are all top ten wealthiest men in the world and investors that contributed maximally in economic development of the world beginning from their countries. It is a known fact that these wealthy individuals do a lot to develop their societies via donating to charities, heavy taxation as well as the establishment of foundations that fund education. But this is the case with African wealthy men. However, there are quite a number of African politicians, technocrats and bureaucrats though in the minority, who have indeed straddles and contributed in no small measure towards the economic and political development of the continent by investing largely in the country. African millionaires and billionaires should have a rethink and re-invest their wealth in their own country where some of them have rooted from rather than investing in other countries that have already attained optimal advancement in various spheres of life. It is high time for Africans to rise to the occasion and stop the views, sentiments, whims and caprices of the elite class that are often articulated and recognize the opinions of the masses or the representatives.

In his seminar work titled “The African Big man” Mazurui sees the African elites as those Africans who inherited the elite dynamics and dialectics of the departing colonial masters, and who always want to act similarly in their colonial-mentalities and ways of doing thing.⁷⁴ Mazurui was also referred to those emerging and emerged African elites in their countries after independence, who lack humility in all they do, especially because of their belief that they have attained high societal positions that gives them the leverage to flaunt their kind of attitudes and there in knowingly and unknowingly trampled on the less privileged.⁷⁶ Mazurui captures it, thus:

Yes! There is what could be regarded as "African Big Man Syndrome", which emanates truly from " colonial

Mentality," whose roots is surely, as we earlier said, from "Colonial mental Attitudes." Indeed, Africans who become elites after the departure of the white colonial masters and indeed those who replaced the departing colonial Bourgeoisies in commercial and administrative positions of authority (inheriting and living in their then big houses, segregated government Reserved Areas, using their types of big cars joining their segregated clubs, wearing their kind of clothing,.....) developed a syndrome of bigmanism that "sickens" them all the time, making them to separate and discriminate other down-trodden Africans.⁷⁷

From the above view, Mazurui avers that the African political elites since their independence have denied a vast majority and generality of Africans (through discrete and open operating Methods) their rights to their basic needs of life like food, shelter, clothing, education, medical care, employment, transportation, water, electricity, security and other social amenities and freedom; and also used the people's resources and common wealth actually to better themselves which they consciously and unconsciously concretized through their high-aconspirational high life. Moving further, Mazurui assessed the operative methodologies employed by these elites in Africa to be "Primitive Accumulation of Wealth and Nepotism, Tribalism and Ethnicity."⁷⁸ Stressing on the primitive accumulation of wealth, Mazurui avers that the elites are indeed greedy and selfish. They want to have it all by themselves!! They want to exclude a great many other Africans in their minds, attitudes and actions.⁷⁹ They want to accumulate the best houses and mansions. They want to buy the best cars and other modern day accessories that the "White-man" has manufactured which their empty-brained and un-innovative mentality cannot produce or encouraged to be produced in Africa.⁸⁰

Stressing on Nepotism, Tribalism and Ethnicity, Mazurui explains that the elites pose as leaders in politics, religious bodies, the military, and as captains of industries in the economic sector, and also as the point-men of all other social dynamics, but in all these, they conspire to remain at the top (rotational albeit) employing all negative trajectories and mechanisms like nepotism, tribalism and ethnicity, divide and rule methodologies to sustain themselves at the pinnacles of the civil service and public service, military, religious and other politics socioeconomic sectors of Africa. The elites do all these at all cost because they, with their

relations and friends want to remain the drivers of national contraption-mechanism of their countries; there in employing extractive and not all- inclusive tendencies. "Whom do you know" becomes their operative language code in their circle of control.

4.3.4. Mono- Economic Base.

Most of the countries in Africa largely depend on crude oil for their survival to the detriment of other resources. Nigeria for instance abandoned agriculture which constitutes the mainstay of the economy in 1950's and 1960's. Over six decades after the discovery of oil in Nigeria, the economy has however remained largely dependent on oil. The country has wasted much of its opportunities to break away from underdevelopment despite its massive natural and human resources endowments. Nigeria has dwelled only on its huge crude oil resources as the major source of revenue, driving a monolithic economy for years in spite of the enormous developmental challenges it faces. Regrettably, the oil resources are being mismanaged. More disturbing is that financial resources accruable from the oil industry have been plundered by politicians and government. Adedayo however, explains that it was observed from the minister of finance, Mrs. Kemi Adeosun that within a space of ten months ECA Excess Crude Account funds were depleted from \$3.93bn in July 2016 to \$2.45b in April 2017 without an explanation on how the funds were spent.⁸¹ In other words, a total of \$82.26bn developed wings, flew away.⁸¹ As other nations march into the industrial Revolution where technological disruption commands economic interests, Sub-Saharan African countries, particularly Nigeria clings to it 'leaking cup of oil'. Yes, Adedayo avers that "the cup leaks because very soon revenue accruable from oil would become quite meager and unattractive."⁸²

He Observes:

While other economies are sustaining technological exploits by adopting block chain technology, artificial intelligence, machine learning, big data, biometrics, and others powered by broad and penetration, Nigeria's economic diversification mantra has been marred by legislative somersaults and a lack of political will to pursue a futuristic agenda.⁸³

The oil sector has over the last few decades has attracted what has been called the 'Dutch

disease', a resource curse with negative impact on an economy. The over dependence on oil is not only responsible for the downturn in the economy of Nigeria, but it is also behind the emergence of abundant human resource base and economy vested with level of corruption. As a matter of priority, many African countries must encourage the diversification of economy. It is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price. Adeyinka postulates that the only sensible and durable way to sustain the economy is innovation.⁸⁴ The mono-economy grip of oil led to the neglect of agriculture, an over-bloated public sector, financial indiscipline, corruption, nepotism and lack of accountability. For Africa to attain the pinnacle of success, its economy has to be diversified. Diversification does not come in a vacuum; sustainable development of other sectors of the economy can only be achieved if we diverse from the current mono product economy. African countries must open up various sectors of the economy and decentralize its attention from a mono-crude oil economy. It is the time to look beyond oil and look into other sectors that can improve the continent's economy.

To address the structural imbalance of monolithic(mono-product) economy dependency in oil, effort should be towards deepening the non-oil sectors such as innovation (creative destruction), agriculture, tourism, manufacturing and of course, the telecommunications sector. However, this is still predicted on initiating various supportive policies and incentives such as protectionism, trade liberalization and empowerment. Most of the countries that have leapfrogged development challenges over the last five decades have technology innovation to thank. South Korea for example, has in less than half a century, risen from chronic poverty to become one of the world's most dynamic industrial economies. It has positioned itself as a global player in technology in sectors like automobiles, semi-conductors and telecommunications, and its growth was accomplished despite resource constraints and geopolitical uncertainties.

4.3.5. Economic Inequalities

In the long run, however, extractive institutions hurt growth and the economy. According to Daron Acemoglu in his article "Root Causes", extractive institutions have historically

hindered growth by preventing investment and innovation.⁸⁵ Acemoglu notes the pattern of the elite in a given country preventing industrialization because it threatens their position. Their power and privilege depends on the relative deprivation of a target group, so anything that threatens their relationship threatens the extractive institution's existence. New innovations that help grow the economy are attacked because they often spread wealth around instead of only the elite. A present day example of this is the internet, which has been under attack for the last decade by a variety of industries, such as the music industry as well as other groups of copyright holders their attempts to limit the flow of information stem directly from their position as elites who extract wealth from selling licenses to use the information that is now being freely shared on the internet. The monopoly in cement industry in Nigeria is another good example of this. These socio-cultural implications of extractive institutions are significant and disruptive.

Additionally, economic inequality creates a host of social problems which, over time, become ingrained into the culture. An increase in stigmatization of the poor is one such effect, as well as the disempowerment and disenfranchisement of whatever group the extractive institution is targeting. The focus of the disempowered groups also changes to taking over the reins of power, gaining the wealth and privilege of the elite instead of on changing the institution and creating a more inclusive society. Focusing on taking the place of the elite is not a particularly effective way to alter an oppressive system, since even if the elite are overthrown, a new elite will establish itself from the ranks of the disempowered group and perpetuate the extractive institution. Partially because of so much social disruption, extractive institutions must be justified to have legitimacy and maintain their dominance. These justifications tend to have serious negative cultural consequences in themselves. One common justification is that the targeted group of people is less responsible and able to make an income. Dehumanization of preyed-upon groups a red flag when looking for extractive institutions, it is much easier to extract wealth from people who "don't deserve wealth" than from peers. Violence is the backup when these justifications fail to keep people in line, and violence comes with its own host of negative socio-cultural effects.

To sum up the features of extractive institutions, they are hierarchical, predatory and focusing

on extracting resources from a target group and concentrating that wealth in the hands of elite. Historically, they often compelled their target through force, but today they tend to gain the agreement of the target to the extractive arrangement. They try to justify themselves by dehumanizing the target group and tend to produce substantial economic inequality along with a host of social disruptions and fragmentation.

4.4. Effects of Extractive Institutions

4.4.1. Political Instability

In the words of John Morris, “political instability is the propensity of a government collapse either because of conflicts or rampant competition between various political parties.”⁸⁶ However, political stability plays a crucial role in economic development, integration of economic modes and in maintaining natural development in the national economy. In the words of Jahangir, “an unstable political environment can be detrimental to the speed of economic development of any country of the world.”⁸⁷ Many countries in sub-Saharan Africa have not yet developed stable political systems. Since the 1960, when African countries began to achieve independence, many of them have encountered significant levels of institutional instability. With several countries facing political instabilities, Africa has remained underdeveloped because some of its natural resources are either being illegally mined to fund long time wars, foreign illegal activities in the continent, bad leaders taking insecurity as a tool to enrich themselves or because being naive that Africa cannot do better without help from western and eastern countries.

Mostly, internal wrangles in African countries are fueled by notorious businessmen who only use that advantage for their own benefits. Such deal paves way into unnecessary bloodshed and insecurity within the continent. A good example is Nigeria, since 1999 the country had shifted to democratic system of government. The country has been witnessing series of political instability, Violence, assassination, kidnapping, unnecessary bloodshed. Opposition party crises in Nigeria have destabilized the county's economic growth and have put the whole country in the state of confusion and war. This is because the political elites in power, because they are fighting for how to develop their own pockets and not for the interest of the citizens, have refused to quite the stage and give chance to men with the vision to move the

country forward. Morris observes that some politicians in Nigeria don't know the political ideology of their parties. That is why there is a lot of decampment between politicians in Nigeria. Another good example is Libya, once a very strong country in Africa, in fact that was the only country that enjoyed the full benefits of its natural resources. Even though its leader, the late president Muamar Gaddafi was accused dictatorship, he cared for his nation and was ready to stand against anyone touching on his people. But what really happened? He was eliminated because someone was getting a raw deal in oil from Libya. In Somalia, the same forces that have roots in political turmoil and lawlessness rendered the country on the horn of Africa to be without a functioning government for more than two decades. Here, the main aim was the oil exploration in Indian Ocean. Countries like DRC, Central African Republic (CAR) and other warring countries are juggling their fate because of the mineral deposits, corruption and greediness that runs deep into peoples' mind.

However, political instability is a common occurrence in Africa, particularly Nigeria which always affects the unity and peaceful-coexistence of the continent. Political instability arises from the prevailing incidences of perceived social injustice and discrimination among the citizens and the inability of the government to address the challenges of the masses. The process of gaining entrance into the corridor of political power in Africa is replete with Violence and conflicts, resulting from rivalry and suspicions among the various ethnic groups in the continent. The resultant effect of which is the weak institutions of the state and incessant struggle for political power. This, in many instances, is to the detriment of the well-being of the masses and the development of the country at large. To ensure political stability in Africa, Africans should not see politics as a business but as a call to serve and to help distribute fairly the resources that are given by God. Political leaders should not see politics as a call to acquire and divert government money to ones account, while generality of citizens will be languishing in abject poverty and unemployment.

4.4.2. Terrorism

Terrorism can be seen as all criminal acts directed against a state and intended to create a state of terror in the minds of a particular group of people or the whole nation. It came to be a global concern with the emergency of East Asian terrorist groups operating in many countries

causing mass destruction of human lives and materials. Some indicators of threat has been eminent in Eastern Asia, Europe, Africa and U.S.A when the American embassies were bombarded in Tanzania, Kenya and Uganda in 1998. The world came to realize that terrorism is real on September, 2011, when in the United States of America and in the world this day became a day of tears. The attack on the world trade centre ignited a very vivid wrath against terrorism that had demonstrated their power despite all security measures in place. In Nigeria, Cameroon, Chad, and Niger, the extremist group Boko Haram- famous for its kidnapping of 276 school girls in 2014 has inflicted thousands of casualties with suicide bombings and assaults on civilians. In Kenya, the Somali group Al-Shabaab has carried out two major attacks, on Nairobi's Westgate shopping mall in 2013 and on Carissa University in 2015, as well as many smaller acts of terror. These attacks and others have cast a shadow across the continent's long-awaited economic rise. Terrorism risks have derailed Africa's economic and political development in many ways.

Koffi observes that in 2009, Boko Haram alone killed more than 10,000 people in Nigeria and has driven nearly a half-million from their homes.⁸⁸ Koffi explains that the traumatized populations have fled to refugee camps in Cameroon, Chad, and Niger, where malnutrition and disease are becoming increasingly prevalent especially among children.⁸⁹ He further argues:

Terrorism is undermining GDP growth and weighing down overall economic performance in affected countries; the economy of northern Nigeria, for example, has been devastated by the ongoing violence. The International Monetary Fund now includes terror threats among the major risks to the economic outlook in Nigeria, Tunisia and Kenya. Already, economic indicators in these countries have been revised downward after terrorist incidents.⁹⁰

Following the attacks by the Islamic State, for example in Central and West Africa, the fiscal pressure has been especially intense. Nigerian officials estimate that billions of dollars will be needed to rebuild ravaged infrastructure in the North. Similarly, Koffi explains that Chad's soldier fought alongside French troops against terrorists in Mali, and now they have coalesced with those of Nigeria and Cameroon in fighting Boko Haram.⁹¹

The countries at risk are among the most promising frontier markets. In Nigeria which recently became Africa's largest economy, a dynamic private sector has been diversifying an economy that has long been dominated by oil production. Similarly, Kenya, home of thriving ICT sector, is leading the world in the rollout and leveraging of mobile money. If these economies are upset, they risk dragging down Africa's overall performance. However, in finding the root cause of terrorism in some African States, Niyonkuru observes:

The source of insecurity in most countries have to do with unsolvable or unsolved internal ethnic conflicts, power sharing disputes, greater deal of injustice, lack of rule of law, undemocratic and weak institutions, border disputes between countries, religious and cultural differences, poor agricultural reforms, etc.⁹²

In addition, Niyonkuru explains that most terrorist groups that emerged in Africa were more or less based on revolutionary agenda, religious antagonism leading to extremism, appeal to institutional change, claiming recognition from oppressed minority.⁹³ He further emphasized that:

Fragility of institutions, ephemeral or overstaying governments are based on ethnic basis for either election or resources and power sharing, failure of social inclusion policies to allow participation, macroeconomic disequilibrium, lack of effective border control, inefficient crime prevention and unequipped counterterrorism organizations, climatic conditions, uncontrolled or uncontrollable migration through porous borders, complicity and complexity in criminal activities by government officials are all the factors that contribute to terrorism in Africa.⁹⁴

4.4.3. Corruption

Corruption can be seen as immoral action which could involve bribery, embezzlement or misappropriation of public funds for personal use. Extractive institutions breed corruption. Besides leadership challenges corruption remains to be the main driver of under-development in Africa. Corruption in Africa manifests itself in various forms ranging from bureaucratic, corruption in educational sector, religious sector to political corruption. The corruption scourge is exacerbated by massive forms of militarization, political patronage repression and

the manipulative governance systems within the continent. Often times, money from the treasurable African raw materials, oils and precious minerals have been swindled various corrupt deals involving African heads of states. Additionally, significant sums of foreign aid and humanitarian donations have been embezzled by African leaders and sent back to western countries for safe-keeping. For instance, Transparency International's 2017 corruption perception index ranked Zimbabwe number 157 out of 180 countries.⁹² Using a scale of 0 to 100 (where 0 is highly corrupt and 100 is very clean) Zimbabwe has a 22 index score of the perceived levels of public sector corruption. For example, the widely- talked- about marange and chiadzwa estimated US\$ 15 billion missing diamond mining proceeds attest to the level of corruption in Zimbabwe even if the figure may be an estimate.

Regardless of relentless efforts to bolster public investments by the Zimbabwean current leadership (through the widely evangelized "Zimbabwe is open for business mantra) a very limited number of investors are willing to commit. This is largely worsened by the corrupt nature of how state projects are granted and operationalized. Instead most infrastructural development projects are at a standstill. Fundamentally, sustainable development is largely premised on principled and purposeful leadership; prudent, rational and visionary decision-making; and optimum use of available resources.

In a corrupt society such sustainable investment models only exist as strategic plans but are never implemented. Zimbabwe has had a significant number of economic blue prints in recent years such as the 2008 National Economic Development Strategy, Short- Term Emergency Recovery Programme, 2013, Zimbabwe Agenda for Sustainable Socio- Economic Transformation and now the 2018 Transitional Stabilization Programme (TSP) over and above its initial development plans in the 1980s. Regardless of having some strategic milestones the economic development plans have not been actionable in the ailing economy. The general Zimbabwean populace is gripped with significant cynicism, skepticism and erosion of confidence in its own leadership. "Recent, allegations leveled against former ministers like Ignatius Chombo are a clear testimony of the level of political corruption in Zimbabwe". The corruption weevil has also penetrated in the football arena, where the

Zimbabwe football association has had cases of mismanagement of public funds. In the majority of these occurrences, politically connected cronies or relatives of the political elites are the direct beneficiaries of stolen public funds.

The Zimbabwean education sector has not been spared of the corruption scandals. For instance, authority of Zimbabwe against the university of Zimbabwe vice chancellor Levi Nyagura is one of such example. The publicly known sectors where corruption is rife in Zimbabwe include the police service, public services (example public licenses, permits or utilities, identity- related document such as a driver's license and passports) and distribution, tax administration, customs, natural resources (example gold and diamond) public procurement and evidently the Zimbabwean judicial system. Given that corrupt deals are usually hidden activities, revenues and profits generated are not taxable. As such, corruption reduces any government's revenue generation capacity.

Furthermore, Nigerians electoral body sector and judicial system have not been spared of the corruption scandals for instance; the 2019 general election held in Nigeria was not free, fair and credible. The election that brought in president Buhari was bloody and violent. The cases of vote buying among the governors and senators in Nigeria is alarmly worrisome. For instance, the killings in Port Harcourt and the corruption allegations by the Inec against Governor Rochas Okorocha of Imo state are such examples. The publicly sectors where corruption is rife in Nigeria include the police service, customs, electricity power supply and judicial system. Furthermore, corruption is the cause of unemployment in Africa; this is because when those in government who are to use public money for building more industries are busy embezzling the funds for their selfish use, the result is massive increase in unemployment rate.

4.4.4. Unemployment

The UN 2013 Economic report on Africa recognizes the problems with the current lopsided growth pattern- it was presented under the heading "making the most Africa's commodities: industrializing for growth, jobs and Economic transformation". It points out that the employment problem remains unsolved in most African countries.⁹⁴ Strong growth across the continent has not been translated into broad based economic and social development needed

to lift millions of Africans out of poverty and reduce the wide inequalities seen in most countries. This is because Africa's recent growth driven by primary commodities has low employment intensity- that is, the ability to generate jobs. Thus the continent continues to suffer from high unemployment, particularly for the youth and female populations.

Unemployment is often used as a measure of the health of the economy. Nigeria which is the biggest black nation in the world ought to have a strong economy capable of employing almost all employable citizens. But unfortunately, the unemployment rate in Nigeria is alarming; this is as a result of extractive institutions that failed to create an enabling field for Nigerian youths to make use of their skills. Discussing on how lack of electricity has contributed to the cause of unemployment in Nigeria, many foreign companies that would have come to invest in this country (considering the big marketing vista in Nigeria) and which have provided many employment opportunities to Nigerians to reduced unemployment, have changed direction to other neighbouring countries with constant electricity supply in order to avoid operating at loss with 24-hours running of generators which is now becoming the tradition in Nigeria. The same problem has affected many local companies which could not cope with the high cost of running electric generators all the time, and were forced to fold up and threw their employees into the labour market. According to the National Bureau of Statistics, more than 200,000 alumnae graduate from tertiary institutions yearly, but only very little number of them secure jobs after years of their graduation. The reason is because there are little facilities and ill-equipped lecturers/instructors who rendered poor services to the graduates when they were in their institutions. Importantly, the craze for quick oil money has made both government and individuals to direct all attention to only the oil industry, neglecting other sectors like agriculture that boosts the economy and equally creates jobs for the masses.

4.5. Difference between Extractive Institutions and Inclusive Institutions

The major differences between inclusive and extractive institutions need to be assessed to understand why one method is better than the other and why these institutions are necessary for economic growth. The first difference is the political system within an inclusive

institutions, the political system will favour the input of the people. In an extractive institution the political system will undermine its people and exclude those that are not within the small circle of elites that favour this type of dictatorship.

The second difference is the incentive structure that is put in place by the types of political systems previously mentioned. An extractive institution which has already been determined to favour a group of elites rather than the whole population it governs will only have an incentive structure that would best serve the elite than the general public. The reason incentives are not given to the public is because, there is a fear of creative destruction. As one method of completing a task is changed, efficiency can change as well allowing for specialization in specific areas. Extractive institutions fear that if methods can change, then the one governing can change as well. However, compared to the Extractive institution, the inclusive institution is just as the name suggests. The incentive structure includes everyone from the elite to the general public; therefore everyone has the opportunity to improve their standards of living. Within inclusive institutions there are different types of incentives given to the people in order to innovate and produce new technologies. One of the incentives are the policies created that are directed at the people through their participation in the political system.

The third difference is that of sustained Economic growth through Technological Advancements. Though extractive institutions can have economic growth, it is not sustained or constant. Technological advancements and innovations allows for sustained and continuous growth over long periods of time due to creative destruction. Constant improvements on how things are traditionally done improve the society as well. However, because of the lack of incentives for the general public, and the fear of creative destruction by governing elites, technological change cannot thrive or even exist. Inclusive institutions are the exact opposite. They embrace incentives that encourage innovation and technological change and thus the reason for their economic success and political stability.

These are the main differences that are the interdependent factors that will both produce an inclusive or extractive institution in a society and determine whether or not that civilization

will prosper or be plagued by poverty. Politics and economics are heavily interdependent factors. Political institutions lay the foundation for economic development in societies. If a society has a people centered political structure which offers incentives that leads to technological advancements and sustained economic growth, the countries institution is inclusive. If a society has elite centered incentives then the result will be that there will be no sustained growth or technological advancements. The only constant throughout the past and continuing in the present is that societies that have an inclusive political institution, favoured production and over all economically prospered, where as societies that are extractive politically experienced poverty. Countries today that still have inclusive institutions are the most prosperous where as countries that continue to have extractive institutions remain plagued by poverty.

To sum up the differences that exist between inclusive and extractive institutions, in inclusive institutions, In *Why Nations Fail* the authors describe inclusive institutions as, at their core, including a wide range of people in the society in the economic and political institutions and working for the welfare of their citizens as well as society in general. Barriers to entry are discouraged and everyone has the opportunity to participate in the institution. Wealth is spread around the population and generally not concentrated in the hands of the elite. Equality brings many benefits; it encourages new technology to be developed and new ways of organizing people. Old ways of organization are not able to maintain their grip on the society to prevent development. In addition to equality, inclusive institutions encourage investment in the people involved in them. Education is a high priority in societies dominated by inclusive institutions since a solid base of understanding is essential to participate in many social institutions. The slash and burn approach of extractive institutions provide a stark contrast to inclusive institution's investment in human capital. Checks and balances on the powers of an institution are also characteristic of inclusive institutions, to prevent the arbitrary use of power. Overall this prevents the use of an institution for the benefit of only a few people. While rational institutions can operate to create barriers to opportunity and support extractive institutions, they can also operate to create more social bonds and grow the web of relationships that society is made of. With greater social cohesion, equality and participation, social problems are easier to tackle. Communities are not burden by elite's

deliberate efforts to fragment them and are able to find inventive solutions to social problems and enact them.

The population will gain a sense of empowerment and be more willing to make to make hard changes to address problems and not burdened by the self-esteem problems associated with extractive institutions. Inclusive institutions focus on the long term goal of maintaining a society that cares for the welfare of all of its members and this moves a population's view away from the instrumentalist approach championed by extractive institutions that encourages people to see others as instruments for their use instead of peers to collaborate with

4.6. Growth under Extractive Institutions in Africa

4.6.1. Congo's Example

The DRC has witnessed decades of corrupt dictators who helped crippled the DRC's economy and contribute to poverty in the DRC. Neopatrimonialism has characterized the DRC's political system long before the current president Joseph Kabila took office. Congo today is an extreme example, with lawlessness and highly insecure property rights. The history of the kingdom of Kongo, and the more recent history of the Congo, vividly illustrates how political institutions determine economic institutions. "It also illustrates the symbiotic relationship between political absolutism and economic institutions that empower and enrich a few at the expense of many". The kingdom of Kongo was governed by the king in Mbanza, subsequently Sao Salvador. Areas away from the capital were ruled by elites who played the roles of governors of different parts of the kingdom. The wealth of these elites was based on slave plantations around Sao Salvador and the extraction of taxes from the rest of the country. Slavery was central to the economy, used by the elite to supply their own plantations and by Europeans on the coast. The poverty of Kongo was therefore the result of extractive economic institutions that blocked all the engines of prosperity or even made them work in reverse.⁹⁷ The Kongo's government provided very few public services to its citizens, not even basic ones, such as secure property rights or law and order. On the contrary, the government was itself the biggest threat to its subjects' property and human rights. The institutions of

slavery meant that the most fundamental market of all, an inclusive labour market where people can choose their occupation or jobs in ways that are so crucial for a prosperous economy, did not exist. Moreover, long-distance trade and mercantile activities were controlled by the king and were open only to those associated with him.

The roots of the economic institutions of Kongo society flowed from the distribution of political power in society and thus from the nature of political institutions. There was nothing to stop the king from taking people's possessions, other than the threat of revolt. The political institutions of Kongo gave no say to the citizens in the way their society was organized. However, in the words of Acemoglu and Robinson “the interaction of economic and political institutions five hundred years ago is still relevant for understanding why the modern state of Congo is still miserably poor today”. The advent of European rule in this area, and deeper into the basin of the River Congo at the time of the "scramble for Africa" in the late nineteenth century, led to an insecurity of human and property rights even more egregious than that which characterized the pre colonial Kongo. In addition, it reproduced the pattern of extractive institutions and absolutism that empowered and enriched a few at the expense of the masses. When Congo became independent in 1960, the same pattern of economic institutions, incentives, and performance reproduced itself. These Congolese extractive economic institutions were again supported by highly extractive political institutions. The situation was worsened because European colonialism created a polity, Democratic Republic of Congo, made up of many different pre colonial states and societies that the national state, run from Kinshasa, had little control over. President Mobutu used the state to enrich himself and his cronies for example, through the *Zairianization* program of 1973, which involved the mass expropriation of foreign economic interests.⁹⁸ He presided over a non centralized state with little authority over much of the country, and had to appeal to foreign assistance to stop the provinces of Katanga and Kasai from seceding in the 1960s. This lack of political centralization, almost to the point of total collapse of the state, is a feature that Congo shares with much of Sub-Saharan Africa.

The modern Democratic Republic of Congo remains poor because its citizens still lack the

economic institutions that create the basic incentives that make a society prosperous.⁹⁹ Acemoglu and Robinson argue that it is not geography, culture, or the ignorance of its citizens or politicians that keep the Congo poor, but its extractive economic institutions.¹⁰⁰ These they argue are still in place after all these centuries because political power continues to be narrowly concentrated in the hands of an elite who have little incentive to enforce secure property rights for the people, to provide the basic public services that would improve the quality of life, or to encourage economic progress. Rather, their interests are to extract income and sustain their power.

President Mobutu Sese Seko, Laurent, Joseph Kabila have all profited from the presidential position, allocating wealth and resources for themselves. The use of public offices for personal profit is deeply ingrained in the political culture of the DRC, contributing to economic mismanagement, ethnic cleavages and the erosion of infrastructure and increased poverty in the DRC. Mobutu created a highly extractive set of economic institutions. The citizens were impoverished, but Mobutu and the elite surrounding him, known as *Led Grosses Legumes* (the Big Vegetables), became fabulously wealthy. Mobutu built himself a palace at his birthplace, Gbadolite, in the north of the country, with an airport large enough to land a supersonic concord jet, a plane he frequently rented from Air France for travel to Europe. In Europe he bought castles and owned large tracts of the Belgian capital of Brussels. Wouldn't it have been better for Mobutu to set up economic institutions that increased the wealth of the Congolese rather than deepening their poverty? If Mobutu had managed to increase the prosperity of his nation, would he not have been able to appropriate even more money, buy a Concord instead of renting one, and have more castles and mansions, possibly a bigger and more powerful army? Unfortunately for the citizens of many countries in the world, the answer is no, economic institutions that create incentives for economic progress may simultaneously redistribute income and power in such a way that a predatory dictator and others with political power may become worse off. Joseph Kabila's unwillingness to loosen his grip on power has only contributed to what human Rights watch has described as a web of security, humanitarian, political, and economic crises that continues to damage the Congolese people.

4.6.2. Zimbabwe's Example

“It was January 2000 in Harare, Zimbabwe. Master of ceremonies Fallout Chawawa was in charge of drawing the winning ticket for the national lottery organized by a partly state-owned bank, Zimbabwe Banking Corporation.” The lottery was open to all clients who had kept five thousand or more Zimbabwe dollars in their accounts during December 1999. When Chawawa drew the ticket, he was dumbfounded. As the public statement of Zimbank put it, "Master of ceremonies Fallout Chawawa could hardly believe his eyes when the ticket drawn for the Z\$100 prize was handed to him and he saw His Excellency R.G Mugabe written on it."¹⁰¹

President Robert Mugabe, who had ruled Zimbabwe by hook or by crook and usually with an iron fist, since 1980, had won the lottery, which was worth a hundred thousand Zimbabwe dollars, about five times the annual per capita income of the country. Zimbank claimed that Mr. Mugabe's name had been drawn from among thousands of eligible customers. What a lucky man! Needless to say he didn't really need the money. Mugabe awarded himself and his cabinet salary hikes of up to 200 percent. The lottery ticket was just one more indication of Zimbabwe's extractive institutions. One could call this corruption, but it is just a symptom of the institutional malaise in Zimbabwe. The fact that Mugabe could even win the lottery if he wanted to showed how much control he had over matters in Zimbabwe, and gave the world a glimpse of the extent of the country's extractive institutions. The most common reason why nations fail today is because they have extractive institutions. Zimbabwe under Mugabe's regime vividly illustrates the economic and social consequences. The state has collapsed and more or less stopped providing any basic public services.

In 2008-2009 the deterioration in the health systems led to an outbreak of cholera across the country. In early 2009, the UN office for the Coordination of Humanitarian Affairs claimed that the unemployment rate had hit an incredible 94 percent.¹⁰² The roots of many economic and political institutions in Zimbabwe, as is the case for much of sub-Saharan Africa, can be traced back to the colonial period. After independence, Mugabe quickly established his

personal control. He either violently eliminated his opponents or co-opted them. What happened in Zimbabwe after 1980 was commonplace in Sub-Saharan Africa since independence. Zimbabwe inherited a set of highly extractive political and economic institutions in 1980. For the first decades and half, these were maintained relatively untouched. While elections took place, political institutions were anything but inclusive. Economic institutions changed somewhat; for example, there was no longer explicit discrimination against blacks. But on the whole the institutions remained extractive, with the only difference being that instead of Ian Smith and the Whites doing the extracting, it was Robert Mugabe and the ZANU-PF elites filling their pockets. Over time the institutions became even more extractive, and incomes in Zimbabwe collapsed. However, the economic and political failure in Zimbabwe is yet another manifestation of the iron law of oligarchy, with the extractive, corrupt, and repressive regime of Robert Mugabe. Mugabe's fake lottery win in 2000 was then simply the tip of a very corrupt and historically shaped iceberg. In 2007, vast deposits of alluvial diamonds were discovered in Chiadowa. There was a diamond rush among the political and military elites as each stacked a claim for personal enrichment. There is probably no better modern illustration of extractive institutions than the Chiadwa diamond rush, where foreign elites among them the Chinese also joined in. this was a classic case of extraction of resources by elites with the ordinary people literally getting nothing.

As Acemoglu and Robinson point out, the fight became more about which elites could gain control of extractive institutions. This indeed was the long-running fight which culminated in a coup in November 2017, which toppled Robert Mugabe and ushered in Emmerson Mnangagwa. It was, in essence, a battle between ruling party elites for the control of extractive political and economic institutions. The winners of that battle had no incentive to dismantle the extractive political institutions or to change extractive economic institutions. These are the only kinds of institutions they know and they have served them well, making them millionaires in a sea of enormous poverty. The notion of extractive institutions controlled by a narrow elite to serve interests explains why President Mnagagwa finds no fault in appointing the wife of his top diplomat as the Anti-corruption Tsar or his son-in-law as the chairman of the sports and Recreation commission. After all Mugabe gave his own

son-in-law a role at Air Zimbabwe, before that, another Mugabe son-in-law headed ZESA the national utility.

4.6.3. Sierra Leone's Example

“Siaka Stevens and All People's Congress, the APC, took over and intensified the extractive institutions of colonial rule in Sierra Leone, just as Mugabe and ZANU-PF did in Zimbabwe”. By 1985, when Stevens, with cancer, brought in Joseph Momoh to replace him, the economy was collapsing. Stevens apparently without irony, used to enjoy quoting the aphorism "The cow eats where it is tethered." "And where Stevens had once eaten, momoh now gorged."¹⁰⁰ The roads fell to pieces, and schools disintegrated. The collapse of the state under Momoh, once again a consequence of the vicious circle unleashed by the extreme extractive institutions under Stevens, meant that there was nothing to stop the RUF from coming across the border in 1991. The state had no capacity to oppose it. Stevens had already emasculated the military, because he worried they might overthrow him. It was easy for a relatively small number of armed men to create chaos in most of the country. They even had a manifesto called "Footpaths to Democracy," as Acemoglu and Robinson explain, which started with a quote from the black intellectual Frantz Fanon: "Each generation must, out of relative obscurity, discover its mission, fulfill it or betray it."¹⁰² The section "What Are We Fighting For?" begins as Acemoglu and Robinson put it:

We continue to fight because we are tired of being perpetual victims of state sponsored poverty and human degradation visited on us by years of autocratic rule and militarism. But, we shall exercise restraint and continue to wait patiently at the rendezvous of peace- where we shall all be winners. We are committed to peace, by any means necessary, but what we are not committed to is becoming victims of peace. We know our cause to be just and God / Allah will never abandon us in our struggle to reconstruct a new Sierra Leone.¹⁰³

By 1991 the state in Sierra Leone had totally failed. King Shyaam started with the Bushing: he set up extractive institutions to cement his power and extract the output the rest of society would produce. Sierra Leone during her bloody civil war of ten years, from 1991 to 2001,

was a typical case of a failed state. It started out as just another country married by extractive institutions, albeit of a particularly vicious and inefficient type. Countries become failed states not because of their geography or their culture, but because of the legacy of extractive institutions, which concentrate power and wealth in the hands of those controlling the state, opening the way for unrest, strife, and civil war. Extractive institutions also directly contribute to the gradual failing of the state by neglecting investment in the most basic public services.

4.6.4. Egypt's Example

The 1990s were a period of reform in Egypt. Since the military coup that removed the monarchy in 1954, Egypt had been run as a quasi-socialist society in which the government played a central role in the economy. Many sectors of the economy were dominated by state owned enterprises. Over the years, the rhetoric of socialism lapsed, markets opened, and the private sector developed. Yet these were not inclusive markets, but markets controlled by the state and by a handful of businessmen allied with the National Democratic Party (NDP), the political party founded by President Anwar Sadat in 1978. Businessmen became more and more involved with the party, and the party became more and more involved with them under the government of Hosni Mubarak. Mubarak, who became president in 1981 following Anwar Sadat's assassination, ruled with the NDP until being forced from power by popular protests and the military in 2011.

The business people connected to the regime were able to heavily influence implementation of Egypt's privatization program so that it favoured the wealthy business elite or the "Whales," as they are known locally. Egypt today is a poor nation, not as poor as most countries to the south, in Sub-Saharan Africa, but still one where around 40 percent of the population is very poor and lives in less than two dollars a day. In nineteenth century Egypt was the site of an initially successful attempt at institutional change and economic modernization under Muhammad Ali, who did generate a period of extractive economic growth before it was effectively annexed to the British Empire. From the British colonial period a set of extractive institutions emerged, and were continued by the military after 1954. There was some economic growth and investment in education, but the majority of the

population had few economic opportunities, while the new elite could benefit from their connections to the government.

These extractive economic institutions were again supported by extractive political institutions. President Mubarak planned to begin a political dynasty, grooming his son Gamal to replace him. His plan was cut short only by the collapse of his extractive regime in early 2011 in the face of widespread unrest and demonstrations during the so-called Arab spring.

4.6.5. Growth under Extractive Economic Institutions in Nigeria

Anyone who is well informed on the power brokers of businesses in Nigeria knows that, the Dangote Group has a monopoly of cement import. When president Obasanjo encouraged local production of cement, the manager of Ibeto cement factory promised to flood Nigerian market with cement and drastically reduce the price of the product. Ibeto fulfilled his promise and flooded the country with cement. The result was that the price of cement crashed. This jolted Dangote cement and affected his business adversely. Aliko Dangote wrote a petition to former president Olusegun Obasanjo kicking against the authority the federal government granted Ibeto to import 800,000 metric tons of cement. Obasanjo issued a directive that Ibeto was not allowed to import cement into the country until he proved his investment in local production. Dangote was allowed to import cement; thousands of staff of Ibeto cement were rendered jobless. When late president Umaru Ya'Adua succeeded Obasanjo, Ibeto in 2007, applied for import allocation and it was granted. Once again, he flooded the country with quality cement, and the prices crashed. Dangote cement PLC quickly filled a suit alleging that Ibeto Cement Company is gaining undue advantage by the federal government.

On its part, the federal government contended that Dangote cement PLC is plotting to wipe out fair competition and create a monopoly in the industry and transform itself to the only cock that crows in Nigeria. But Ibeto further filled terms of settlement, which were entered as consent judgment in the suit. In line with the consent judgment, it will continue to import 1.5 million metric tons of cement per annum for the period between October, 2007 and September, 2007. This was in line with the federal government guarantee conveyed a letter by the ministry of trade and industry dated June 2002. By the judgment, the federal government was to pay Ibeto Cement Company the sum of \$40 million. The amount is the verified claims by

the inter ministerial committee of the federal government for losses suffered by Ibeto from the unjustified closure of its bagging plant between December 2005 and when it resumed operations in October, 2007. But Dangote cement PLC consented that its rights and interests were affected by the consent judgment. Dangote argued that the continuance of Ibeto cement makes Dangote cement expensive. Dangote was afraid that his dominance and monopoly of cement production will be destroyed by Ibeto. President Buhari came into power, Ibeto cement applied for foreign exchange from the CBN but was denied. Dangote applied and was granted. Dangote has continued to enjoy all manner of waivers. Following the closure of Ibeto cement by prices of cement jumped from #1500 to #2500 and Dangote is smiling to the bank. The problem with extractive institutions is that they limit competitions and encourage monopoly. Widespread of industries and factories pave way for development and employment.

4.6.5.1. Extractiveness in Nigerians Petroleum Industry

Another example of extractive industry in Nigeria is the petroleum industry. Crude oil has been the basic source of revenue generation for the Nigerian government. It is also the source of collateral which empowers the financial sectors which provide funds, required in driving the economic vision of government. The industry witnesses some positive changes when some serious minded persons occupied the sensitive positions in the petroleum industry. This golden era ended when General Badamosi Babangida became the military President of the Nigerian state. It is a sad and pathetic story in the history of Nigeria because the petroleum industry was previously a joyful story of a boom in the lives of all Nigerians but dramatically became a curse to Nigeria as a country.

As a matter of clarity, let us give some historical account how it was in Nigeria when the petroleum industry was booming. The petroleum industry had too much job slots that were pursuing just a few people because of how attractive working in the petroleum industry was to Nigerians in the era of the oil boom. In the petroleum industry attracted the establishment of technical colleges and training schools of craftsmanships' where the youths were on their own personal volitions begging to be trained on particular skills as related to the petroleum industry requirements. Job opportunities were easily available and youths were fully engaged.

The effect of the above resulted in an availability of funds to the workers to feed their children, send their kids to school. There was an easy flow of money and fun was the order of the day in Warri and Port Harcourt, which gave Warri the name "oil city". Furthermore, criminality was almost at its zero level because it was mostly the uneducated youths or masses that were the skillful workers working in the oil and gas, drilling, production and construction companies and such as the hearts and minds of almost everybody was occupied with having fun every night. In fact, Christopher explains that "appointment into local, state or federal government agencies or offices were regarded as a curse to any family working as a government worker."⁹²

It was like a taboo for any daughter to return home to her family to represent even a permanent secretary as a husband. This was basically because it was well known as at then that working in government is exclusive to serve the people by being a helping hand of government in rendering the required basic amenities to the people which literally are as follows: provision of pipe borne waters, construction of roads, building of affordable houses, provision of electricity, building of schools, provision of security and provision of cheap transport services etc. In another light, the refineries which process the crude oil into different products like petrol, kerosene, diesel, etc was at then the stabilizing factor of the oil city life, because it attracted other foreign construction companies from Italy, France, Germany, Japan, etc companies like, Guffanti Construction Companies, Snapprogetti Construction Company, DSD, Company of Germany, Sapem Construction Company of Italy, Japanese Gas Company of Japan, Kellogg International Company of America, Canada Construction Company and many others. In addition to the above, all the construction companies involved in the building and maintenance of the refinery and the petrochemical companies provided both employment for the qualified youths and both theoretical and practical training to the unqualified youths. Furthermore, with the respective refineries being in operation, the lives of the populace surrounding the refineries were so progressive that it ushered civilization forcefully in the city which resulted in intermarriages and joint partnership of all sorts in order to stabilize the residency of every intended serious investor or job seekers. In fact, the oil city, Warri was referred to as at then, the place where all foreigners always come to either to work or invest.

All the above glory of the once called oil cities in Nigeria started diminishing right from the moment Retired General Ibrahim Badamosi Babangida became the military president in the year 1986. The destruction of the petroleum industry started from the government agency that was put in place to regulate oil and gas operators which is known as the Nigerian National Petroleum Corporation (NNPC). He first brought the ministry of petroleum into the presidency and made his right handman who was as at then the minister for finance to double as also the minister for petroleum resources. IBB and his cohorts milked both the ministries (i.e. Petroleum Resources and Finance) through a reckless administrative gangsterism where the finance department of the presidency and petroleum ministry was the commodity department.

NNPC was the golden eggs which only his most trusted boys were allowed to touch, manage or keep. This made the two viable departments of the NNPC then to be under their watchful eyes. The department of the downstream sector comprising the operations of all the oil producing companies (i.e Mobil, Shell, Chevron, Texaco, Total, Phillips, Agip and Pan Ocean etc.).

The refineries in Nigeria were destroyed through the wicked connivance of management and staff of the companies through the issuance of fake letters of intents for spare parts and materials already stolen from the warehouse and are resupplied back again to the same warehouse where it was stolen from. This same dangerous cabals, the then Head of petroleum, Engr. Obada from Ogun state opened a finance company, headed by his wife as the managing director to finance all the letters of intents generated from the Warrior refining and petrochemical company limited, Ekpan. While the then managing director of WRPC, chief Owokalu in connivance with the presidency and the group managing director of the NNPC, used the operations of the company's of telex machine to falsify prices in performance invoice for materials and thereby knowingly and unknowingly defrauding both the NNPC and also the foreign manufacturing companies.

When external auditors opened the books for both the NNPC in Nigeria and the manufacturing companies, it was discovered that a lot of fake invoices and materials had gone in and out from both systems leading to the forceful bankruptcy of the companies

abroad and non availability of spare parts to service the refineries. In fact, this was the terminal cause of the eventual fall of the various refineries and operators in Nigeria and every other contractor involved in the maintenance were all agents or consultants whose major aims were all tied to making false profits to the detriment of the collapse of the refineries and the poor suffering people of Nigeria.

This fraudulent practice completely closes all employment opportunities of the Nigerian youths and completely stopped opportunities once existing for people to supply materials to the refineries and as such the cabals were busy living on their stolen and making wealth. The collapse of the refineries in Nigeria is as a result of extractive economic institutions forged on the foundation laid by extractive political institutions that failed to create better ways of doing things, but rather concentrate on their own selfish interest.

4.6.5.2. Ajaokuta Steel and Nigeria's Industrialization

After Nigeria's attainment of independence in 1960, Nigeria have had various industrial and economic development plans, designed for the purpose of transforming the country into an industrialized nation that would become a force to reckon with in the global economy. That Nigeria have not been able to make ASCO come to life, almost forty years after it was initiated, knowing full well that the steel is the heartbeat of any national development plan for industrialization.

ASCO appears to have indeed become the allegory for the failures that define Nigeria in different areas of Nigeria existence as a country. Nigerians allowed corruption, lack of political will, international conspiracy, policy summersaults and inconsistencies to continue to tie down the completion of a project capable of positioning Nigeria strategically on the world map of steel production, thereby guaranteeing the realization of Nigeria's dream for industrialization. Virtually all the nations that are playing big globally have enhanced capacities for steel production. Even those countries that do not have any of the key mineral inputs needed for steelmaking have over the years developed the capacity to produce steel. Japan and South Korea, for instance, have no mineral resource for iron and steel, but they rank among the world top ten countries in steel production. On the contrary, Nigeria that is blessed with all the raw materials such as, (iron ore, coal, natural gas and limestone) needed

for manufacture of steel is nowhere to be found in the global chart of steel production. Nigeria, according to Vice president Yemi Osinbanjo, is the 12th largest iron ore resource country in the world (engineering/ construction, manufacturing of cars, ships, vehicle amour and general machinery), Nigeria do not have to import the raw materials. Nigeria has them in abundance.

Ajaokute Steel is unarguably the largest integrated steel complex in the sub-Saharan Africa. Yet, we are unable to take the lead in steel production in Africa even in our illusory claim of being the giant of the continent. South Africa and Egypt produced 6.1 and 5.0 million tons of steel respectively in 2016 based on data provided by the association world Steel Association (WSA). While South Africa is the 22nd on the list of countries by steel production, Egypt is the 27th. Nigeria did not make the list because only countries with annual production of crude steel of at least 2 million metric tons were included. China, the world's largest steel producer topped the chart with a production of 808.4 million metric tons which represents about 50% of the global steel output for 2016. Japan and India produced 104.8 and 95.6 million metric tons of crude steel to maintain the 2nd and 3rd position on the list respectively.

China and India fall in the category of newly industrialized countries (NICS). They were nowhere in terms of steel production in the 19th century and at the start of the 20th century. But they worked hard to advance their steel industries and today they have overtaken even the G8 (forum for the world's major highly industrialized countries) members like US, Britain and Germany that were hitherto leading the pack in the manufacture of steel. While ASCO was left to wallow in total neglect, about N6 trillion is spent annually on steel importation as disclosed recently by Engr. Suleiman Umar, the assistant General Manager (New Initiatives) and Special Adviser Technical to the Sole Administrator of Ajaokuta Steel Company. Except former president Shehu Shagari whose administration exhibited unalloyed commitment to the Ajaokuta Steel project, all other governments after him were obviously nonchalant and undermined about steel development. As at 1983 when the government of Shagari was toppled by the then General Muhammadu Buhari, Ajaokuta Steel Company was 84% completed. Shagari also completed and commissioned the Delta Steel Company, Oshogbo, Katsina and Jos Steel Rolling Mills that were in the then integrated steel

development scheme of government, aimed at serving as a bedrock for Nigeria's industrialization and diversification of the country's economy which has been totally dependent on oil.

4.6.5.2. The Collapse of Textile Industry in Nigeria

The first textile industry in Northern Nigeria was established by the then premier of the reign, Sir Ahmadu Bello, sarduna of Sokoto in 1957. The establishment of Kaduna Textiles Limited led to the establishment of other textiles industries in Kaduna, Kano, Funtua and Gusau. Findings gathered that in 1980's these textiles industries provided about 500,000 direct jobs. Thus, the textiles then were the second employers of labour after government in the region. However the story is not the same as all the textiles companies in Kaduna and other parts of the region have folded up. The textile industry is a massive labour intensive organization. Textile industry in early times enjoyed protection from federal government through the ban on imported textile products, but when the same government unbanned importation, trouble started, and it was the big men in government that went to China, Indonesia, and other Asian countries to continue importing those goods into Nigeria. So with the influx of finished textile goods from China and Asia which are substandard but cheaper, Nigerian textile mills could no longer produce even though it were superior in quality. This is as a result of uncommon taste for foreign goods. Nigerians have a culture of preferring foreign goods, so they ignore their products

Another challenge faced the textile industry was the issue of steady power supply. The industry played a dominant role in the manufacturing sector of the Nigerian economy. With a record of over 140 companies, the country witnessed a boom in textile manufacturing in the 60's to 70's with companies such as Kaduna textiles, Kano textiles, United Nigeria textiles, Aba textiles, Textile Nigeria Limited, First Spinners Limited, amongst others, employing about a million people. At that time, they contributed about 15 percent of the manufacturing sector earnings to the Gross Domestic Product (GDP) of the Nigerian economy and accounted for over 60 percent of the textile industry capacity in West Africa. It also recorded an annual growth of 67 percent and as at 1991, it employed about 25 percent workers in the

nation's manufacturing sector. The story however changed drastically for the industry in the 1980's as government shifted all its attention to the oil revenue, the government became reliant on oil and abandoned agriculture. The neglect of agricultural sector had an adverse effect on the textile industry. However, over the years, there was a steady decline in operations of the textile firms and then an eventual collapse of the industry, which led to the loss of jobs, death of skilled manpower, low capacity utilization and drop in government revenue due to lack of excise duties, also as a result of the government's lack of political will to ban imported textile and poor monitoring of the country's porous leaders.

4.7. Africa and the Search for a Development Model

The highest issue facing developing countries particularly sub-Saharan African countries is that in too many cases the leadership rests its legitimacy not on the economic benefits that it can bring to its subjects but rather on their own benefits. In order to rectify this situation, and encourage development in Africa that is sorely in need of it, some drastic measures must be taken. State builders need to generate a pressing urgency to pursue inclusive economic institutions that will make the government stable and motivated to actively pursue sustainable development. Importantly, political leadership with a sound economic blueprint offers strong prospects of development. But in case of Africa, the political side of development has not offered strong compliment. As such, it is pertinent to agree with Agundu that:

Politically, the continent is not faring any better. Governance in Africa is beset with corruption, nepotism, abuse of public office, human right violation and arbitrary seizure of power and manipulation of elections which often plagues the continent with incessant intractable intra and interstate conflicts. The continent exhibits sorry tales of poverty, disease, anarchy, wars and other vices that attract pity.¹⁰⁴

So in terms of political leadership that can drive development, Africa has not been that lucky. To the extent that, some leaders in post colonial Africa have constituted themselves as neo-colonialists and at best, agents of the western world. This fact is evidential in certain partnerships and wholesale adoption of western designed economic policies which have not offered Africa the prospects of sustainable development chiefly because of their lack of local

content. Corroborating, Agundu observed that "so far, the prevailing development in Africa as designed by others is largely insensitive to the social needs of Africa."¹⁰¹ This fact is also captured by C.Ake who notes:

....policy making was largely divorced from political responsibility and development strategy which was dissociated both from social needs and from the cultural and historical realities of the developing society. This dissolution led to development policies that have been more disruptive than developmental.¹⁰⁵

Since the 1960s, African nations have tried their hands on different developmental policies but none have succeeded even in pointing a direction for Africa's advancement. The first in this regards was the policy of Import Substitutory Industrialization (ISI), which was copied from the Soviet Union Socialism. The policy engineered the massive intervention of state in the driving of the economy. It therefore influenced state ownership of different components of the economy and the nationalization of the privately established institutions. According to Agundu, the policy tried to make the state to own major industries and enterprise that provide essential needs to kick start and control development and minimize dependence of the external global market.¹⁰⁴ The little gain derived from this policy were not welcomed by the western powers because it was a policy that was influenced largely from the socialist ideology. They therefore sought to interfere in African political affairs through their secret agencies and in economic affairs through international institutions.

According to Agundu, the objectives of this strategy was not to help Africa develop but was in the strategic interest of the west.¹⁰⁵ But most of these state owned and run establishments soon became a shadow of themselves because of the mal-administration, and deep sited public corruption coupled with terrible bureaucracy in the operation of government businesses. The aftermath of this development was the collapse of different economies on the continent with adverse effect on development. According to Agundu, this was the period that saw the crave for interventionist model as a strategy of overcoming that economic malaise.¹⁰⁶ The western world quickly ceased the opportunity and disguised themselves as partners in Africa who have seen the need to assist Africa to overcome their development challenges. The consequence of this assistance is the accumulation of debts and the cultivation of the

dependency mentality. As a way of overcoming these challenges, Africa was lured again to embrace another western advance economic model known as the Structural Adjustment Programme (SAP). By the 1980's down to the early 1990's, most African states adopted this policy as a panacea for their economic challenges. Describing this scenario, Agundu collaborating Anyachie notes:

Collapse of the ISI saw the escalation of Africa's debt and the intervention of internal financial institutions like IMF and the World Bank and bilateral creditors like the Paris club. The internal financial institutions cajoled the indebted countries to adopt Structural Adjustment Programme (SAP) in the 1980's to restructure their economy to be piloted by liberal market forces. SAP called for deregulation of the economy, de-subsidization and privatization of public enterprises and downsizing of staff. The programme deepened the economic crises of the continent and could not stir development.¹⁰⁷

The impact of this programme still lingers on the continent to this day. Most indebted nations of Africa accumulated their debts during this period and have since sustained borrowing as the only option for the financing of even deficit in their respective national budgets. Consequently, the search for a viable economic policy for Africa continued and even became obvious that Africa has been left behind in global economic competitiveness. From that period and until now, the economies of African countries have been in the hands of the international financial institutions.¹⁰⁸

In the quest to achieve sustained economic growth, certain economic initiatives were developed as sure paths for Africa's development including the Millennium Development Goals (MDGs), the Millennium Africa Recovery Programme (MAP) which jointly metamorphosed into the New Partnership for African's Development (NEPAD). It was conceived with the thinking that NEPAD will address the lingering developmental challenges with the clearly articulated objectives which:

Among other things, to eradicate poverty as a prelude to sustainable growth and development, encourage employment creation; diversify productive activities to enhance Africa's international competition, increase Africa's access to Western markets, and to promote cooperation and integration in Africa. In

pursuing these objectives, NEPAD identified certain key priority areas, including the maintenance of peace and security through good governance; increased investments in areas like agriculture, tourism, communication, health and education; mobilization of resources to be achieved through resource transfer to Africa via increased ODA, FDI and debt reduction.¹⁰⁹

So far, the implementation is in progress but the signals still points to the fact that, the solution to Africa's economic and developmental challenges has not yet arrived. This is because efforts to solve certain challenges have escalated other problems or recreated them in new forms. The issue of debt reduction is the case in point, where the debt that were cancelled to countries like Nigeria to lessen their debt burdens have rather added other impetus to accumulate more debt.

At the moment, critical review has revealed that solution to Africa's problems cannot come outside of Africa. Historical experiences have supported this much that those who benefits from a status-quo are least expected to champion the process of alteration. Africa's present economic woes and developmental predicaments is a blessing to others especially to the imperial Powers of the west who are sustainably skeptical of their future if Africa is completely emaciated economically and psychologically. In this regard, Agundu observes:

We should not continue to deceive ourselves. Africa should take their destiny into her own hands and develop her own policies based on the need of its people. Africa's future lies in her own ability to take bold developmental initiatives. Africa future does not lie in spurious and neo-colonial partnerships.¹¹⁰

This thinking is generally informed by the saying that "only the person that wears the shoe knows exactly where it pinches". That is to say that experience is critical in arriving at proven and effective economic strategy. Any economic plan is developed based on the felt challenges and identified problems that are historically and culturally created. As such, sensitivity to specificity of socio cultural and economic experiences of African people as a colonized people is fundamental in the formulation of an economic policy for Africa's development and this task cannot be honestly and pragmatically carried out effectively by those who in the first instance, have created the unfortunate situation. This is because as Agundu collaborating Russell observes, the current problem we have cannot be solved by the same thinking that

created it.¹¹¹ Therefore, the only kind of development suitable to the African personality is that which reflects the African view of life and reality. So, at this historical juncture as observed by Nwakora:

We have reached a stage in our development as a nation where we should be able to work out for ourselves an idea of the type of society we want, not necessarily imported from outside; the type of society which we can be proud of, and which we can, without our perennial guilty jeremiads hand on to future generations.¹¹²

Agundu notes, it is therefore incumbent on Africa to assess more critically her partnership and re-evaluate her challenges in view of commencing a truly African induced strategy of overcoming the malaise of underdevelopment particularly now that neo-liberal movements have taken a fundamentalist posture.¹¹³

4.8. Ground Breaking African Inventions in Technology

Even though extractive institutions can generate some growth, they will usually not generate sustained economic growth, and certainly not the type of growth that is accompanied by creative destruction. When both political and economic institutions are extractive, the incentives will not be there for creative destruction and technological change. In addition, the arrangements that support economic growth under extractive political institutions are, by their nature, fragile-they can collapse or can be easily destroyed by the infighting that the extractive institutions themselves generate. Africa is slowly improving its technology to match that of the western nations. The following are some of the African inventions in the field of technological advancements that have been purely developed in Africa.

4.8.1. Charging Shoe

The charging shoe is one of the African inventions that was recently developed by a Kenyan inventor called Anthony Mutua. This technology is applied to charge phones using the power generated by pedestrians. This invention consists of thin crystal chips that are fitted to the sole of the shoe. As a person walks, electricity is generated through pressure that is exerted on the sole during walking by the person's weight. The chips carry the current through an extension cable that extends from the shoe to the phone in the pocket and you necessarily do

not have to keep to keep walking to generate energy as the shoes can also continue to charge phones after the shoes remain static. In this case, you can afford to walk or run without the wiring system and still be able to generate and store energy to be transferred to your mobile phone at a later time.

4.8.2. Cardio Pad

Another amazing invention of African technology is the cardio pad which was invented by a Cameroonian entrepreneur called Marc Arthur- the very first touch screen medical tablet invented and made in Africa. It is a computer tablet that is used for heart examinations as electro cardiograms to be conducted in the rural and inaccessible locations. With the Cardio pad, electrodes are placed on the patient and connected to a module that, in turn, connects to the tablet. When a medical examination is performed on a remote village, for example, the results are transmitted from the nurse's tablet to that of the doctor who then interprets them. The gadget is mostly used in areas where very urgent diagnostic tests need to be carried out but are inaccessible. The innovation has allowed many heart patients to get an early diagnosis, and this is a luxury as previously they could not get the service not unless they travelled to urban areas. The device is expected to facilitate treatment of patients suffering from heart disease across Africa and most especially Cameroon.

4.8.3. CAT Scan

The CAT scan is an unbelievable African invention that is widely used around the world in the medical field. This technology was invented by a South African called Allan Cormack. However, the idea was developed and made commercial in the United Kingdom. The inventor was awarded a Nobel peace prize in 1979 for his invention. This technology provided a mathematical technique that was used for scanning. The CAT scan, the electronic detectors and X-ray source are rotated around the body and in the process, the radiologist gets a sharp map of the cross-section (tissue slices) of the body.

4.8.4. Cyber Tracker

The Cyber Tracker was invented by Linasay Stevenson in 1996. This African technology is

used to track insect, birds and animals by the use of a satellite navigational system. The skilled but illiterate san trackers can store information on different animals on this device. This includes the overall population of a species, their location, the number of males and females, where and how the animals feed and what the animals do to mark their territories. This is one of the most amazing African inventions that found its use in the animal kingdom. In essence, Cyber Tracker is the most efficient method of data collection using GPS. Cyber Tracker can be used in various hand held devices such as a Smart phone or computer to record any kind of observation made while out in the field. It requires no programming skills and allows one to customize an application for its own data collection needs.

4.8.5. Quiet Cellular Antenna Technology

This is one of the most intriguing African inventions Paul Jaarsveld and Gordon Mayhew, who are South Africans. The quiet cellular antennae technology has a square kilometer array plan that reduces noisy cellular emissions from base station used by cellular companies. The African technology is based on one phased-array principle that blocks radio frequency transmissions along a given direction and provides an Omni directional coverage. The antenna has been tested in other parts of the world and has worked extremely well. Trial measurements have shown that the radio signal frequency levels can be significantly reduced while at the same time maintaining the original GSM coverage. The SKA is projected to be 50 to 100 times more sensitive than any other radio telescope ever built, and an area without much radio emissions is essential for the success of the project.

4.8.6. Mellow cabs: Mellow cab is a fully electric vehicle that provides public transportation in urban areas. This innovation was developed in South Africa, Eco friendly and also carbon neutral. The cabs use kinetic energy to power the vehicle on-board tablet computers. They use hydrogen fuel cell technology, and are made out of recycled materials. The rides are free; the company relies on an advertisement placed in the cab. Mellow cabs developers helped to reduce traffic in urban areas and successfully tied into the transport infrastructure.

4.8.7. Jumia: Jumia was launched in Nigeria in 2012. This is the largest e-commerce retailer in the country. It works with 16 African countries and sells anything from electronics to clothes and home goods. Jumia presently has 1000 young and entrepreneurial Nigerians.

Jumia set-up the first e-commerce academy in Nigeria, the jumia Academy, building young entrepreneurs pioneering various aspects of business in Nigeria.

4.8.8. Sterio.me: Sterio.me is a critical education startup in Africa, utilizing the recent development of mobile industry; Sms-based programs are a good way to engage learners outside the classroom, to reinforce in classroom learning. This process is easy: teachers record a lecture or quiz, upload it to the site where pupils can access the information with a code. First launched in Zimbabwe, Sterio.me opens up an opportunity for everyone who wants to learn.

4.8.9. Obami: This is a South African based social learning platform, where students can get news from schools and groups and submit school work. This innovation was launched in 2007, the technology is currently used by more than 400 organizations across Africa. The cloud hosted platform is easily accessible from the web or, importantly, from mobile app, Obami Tutor, focuses on private tutoring Barbara Mallinson.

At this juncture, one can see that it is only few voices that are been heard, these voices include, South Africa, Cameroon etc. in other words, what has held other countries back from investing in new technology is as a result of corrupt and inefficient state that prevents the citizens from making use of their talent. For there to be sustained economic growth in Africa, African leaders must invest in their citizens by empowering them to create new and better ways of doing things because entrepreneurs are creative destruction.

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CHAPTER FIVE

THE ROLE OF CREATIVE DESTRUCTION IN DARON ACEMOGLU AND JAMES ROBINSON IN ADDRESSING EXTRACTIVE INSTITUTIONS IN AFRICA

When someone first hears this term creative destruction, it seems somewhat counterintuitive or oxymoronic. On a second go around; one might wonder why we need to create destruction or why that destruction needs to be creative. On this note, for proper understanding and clarification which is the main focus and the business of the analytic Philosophers, this study will give a brief understanding of industrial revolution and as well why some countries refused to embark on industrial revolution; this is because it was the industrial revolution which occurred approximately 200 years ago that left a profound impact on how people are living their lives today and how business are operated. Before this revolution, James Chen has it that most Americans made their living on farming and lived in widespread rural communities.¹

Innovation and new technology was obviously the key factor in the success of industrial revolution, with the advance people began to work for companies located in urban areas for the first time and production efficiency improved with the inventions such as the steam engine of James Watt in late 1760s which was primarily invented to pull water from the coal mines.² It also powered the textile industry with innovations like steam mule and power loom. The steam engine dramatically reduced the time it took to manufacture products. The industrial revolution created an increase in employment opportunities. Increased innovation led to higher levels of motivation and education that resulted in some ground breaking inventions that are still used today. These inventions include the sewing machine, X-ray, light bulb, calculator, and anesthesia. Chen avers that due to the industrial revolution's advancements, America saw the first combustible engine and the first assembly line used in

manufacturing.³ The birth of internet spawned a need for hundreds of thousands of webmasters. Creative destruction recognizes change as the one constant in capitalism. Sawyers, masons, and miners were among the top thirty American occupations in 1900. A century later, they no longer rank among the top thirty; they were replaced by medical technicians, engineers, computer scientists, and others.⁴ Technological innovation changed how people worked, the technologies available to them, and often where they lived.

The story of Papin's invention is an example of how, under extractive institutions, the treat of creative destruction impeded technological change. Acemoglu and Robinson aver that Papin developed a design for a "steam digester" in 1679, and in 1690, he used the rudimentary engine to build the world's first steamboat. He decided to steam the boat down the river Fulder to the river Munden, but because of the monopoly of the guild of boatmen. The boatmen set upon Papin's boat and smashed it and the steam engine to pieces. Another example was Elizabeth 1 and James 1's rejection to grant William Lee patent for mechanization of stocking production. Their concern was not basically on those the new innovation might chase out of work. Their fear was that they may become political losers since they are not the ones introducing the new innovation. So they will try as many means to resist and stop such innovation.

Creative destruction is not a new concept, but when Schumpeter coined the term in 1942, the world was a very different place than it is today. Geography and climate had a far greater impact on daily life, and everything people, money, information moved more slowly. The great-great- grand parents, just over a century ago, did not have access to planes or automobiles or most of the drugs and health care some people now take for granted, not to mention indoor plumbing, tiles, air conditioning, shopping malls, radio, or motion pictures; let alone information technology, robotics, or computer controlled machinery. Air conditioning was so rare that few stores or theatres that had it were always sure to advertise the fact, and television was still just a promising experiment.

In the twentieth century, the pace of change accelerated. Innovation and technology pushed aside many of the physical barriers that had bound people and commerce to particular

geographic locations and traditional ways of doing things. Creative destruction has, on balance, led to greater prosperity and new opportunities for investors, entrepreneurs, customers, and job seekers if they have the right mix of skills. Although there are several positives to technological innovation, there were also many negative elements like poor living conditions and pollution as we can witness in the world today, but that was not the main reason why some countries refused to adopt new technologies or neglect investments. Acemoglu and Robinson argue that the process of economic growth and the inclusive institutions upon which new technology is based create losers as well as winners in the political arena and in the market place.⁵ As the institutions create significant gains for the elite, there will be strong incentives for others to fight to replace the current elite.⁶ In the words of Acemoglu and Robinson;

Infighting and instability are thus the inherent features of extractive institutions, and they not only create further inefficiencies but also reverse any political centralization, sometimes even leading to the total breakdown of law and order and descent into chaos as many countries in sub Saharan Africa experience today.⁷

Powerful groups often stand against economic progress and against the engines of prosperity. So with the spread of industrial revolution the Aristocrats were not just the economic losers; they also risked becoming political losers, losing their hold on political power.⁸ With their economic and political power under threat, the elites often formed a formidable opposition against creative destruction.⁹ The authors maintain that technological innovation might destroy the entire businesses, industries, or streams of employment while allowing new enterprises to grow in their wake. Schumpeter believed the process of creative destruction “which essentially revolutionizes the economic structure from within” was the hallmark of capitalism. His clear definition of creative destruction is that the old things (which he terms the incumbency) would give way to the more relevant and valuable techniques (which he terms the innovative business). Wikipedia captures it thus: the process of creative destruction ensures “churn” results from innovations in new products, services, and organizations which in turn creates value, but inevitably displaces or diminishes the value of incumbent products, services and organizations.¹⁰

In the words of Schumpeter innovation creates “new or improved goods, services and procedures. His conceptualization was applicable to technology. An expression that captures the essence of creative destruction is that “you can’t make an omelette without breaking a few eggs.” The broken eggs represent current production or existing status quo. According to Wikipedia the omelette represents something new, different, and better- an innovation. The price of progress is the destruction of the status quo, the creation of the omelette destroys the eggs. However, the two cornerstones of the creative destruction process are innovation and entrepreneurship. Entrepreneurship is the driving force that brings innovations to the forefront of the economy- that is the creation that triggers destruction.

Throughout history, technological innovation has shown the potential to make an economy prosperous. Acemoglu and Robinson borrowed this term creative destruction from Schumpeter and developed it more in their book *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. In the words of Acemoglu and Robinson creative destruction means “technological change” or simply put new innovation which they described as one of the engines of prosperity.¹¹ These authors state that the rich nations today have inclusive institutions because they actively encouraged commerce, industrialization, and entrepreneurship, and grew rapidly.¹²

In sub-Saharan Africa, the situation is worse, extractive institutions are the norm in Africa. In most of the countries in sub-Saharan Africa, most teenagers are not in school because parents do not have the means to send their children to school, the ones in school are not enjoying quality education. Those that graduated are unemployed; opening a business is taking risk because there is no law and order. Those with ideas do not have incentives to innovate in new technologies. Many do not have access to health care services. Inclusive institutions will not emerge according to the authors because they do not have a centralized state to provide law and order and enforce rules and property rights.¹³ The pairs posit that institutions that create a level playing field and encourage investments in new technologies and skills are more conducive to economic growth as opposed to those that are structured to extract resources from its own reserves for economic activity.¹⁴ This is where planning and development by the

government and economic actors play a most important role. They posit:

Many parts of sub-Saharan Africa (for example Somalia and Southern Sudan) a major barrier to industrialization was the lack of any form of political centralization. Without these natural prerequisites, industrialization had no chance of getting off the ground.¹⁵

Corruption has taken root in most African countries. This has contributed to the plight of Africa today. Most African governments are not able to meet their citizen's expectations due to rampant corruption in politics in Africa. This is the reason Acemoglu argues in one of his articles "Prosperity is all about political institutions and politics" that:

Most societies are ruled not by 'inclusive' institutions but by extractive institutions, which create insecure property rights, don't allow contracts, discourage innovation and technology adoption, and most importantly, instead of creating a level playing field, they create a very tilted playing field, and sometimes even coercing people to work at low wages in occupations they shouldn't be in, and banning them from occupations they wish to enter. We call these institutions extractive because they have been designed by the political powerful to extract resources from the majority of the population.¹⁶

The expression above indicates that where political institutions are extractive, inclusive economic institutions will not survive. It is on this note that he argues that prosperity is all about political institutions and politics.

Creative destruction is a serious and prevalent concept and is a necessary component of doing businesses to progress and develop the ideal product. Innovation is regarded essential for rapid development of countries since industrial revolution. Innovation plays a vital role in the economic development of underdeveloped countries. The combination of technological and organizational innovation provides the model for economic progress that transformed the economies of the world that became rich. As the historical record shows, the developed countries of the world end the vicious cycle of poverty by industrializing, rather than focusing on agricultural or the production of natural resources. Currently, Pakistan as a developing country, wants to achieve a higher standard of living for its people. For this reason, it is pursuing policies that support privatization and deregulation of the economy.

Acemoglu and Robinson maintain that Absolutism and a lack of, or weak, political centralization are two barriers to the spread of industry. Both are kept in place by fear of creative destruction.¹⁷ The fear of creative destruction is often at the root of the opposition to inclusive economic and political institutions. This is because the elites in extractive institutions saw that the emergence of new businessmen and merchants will erode their trading privileges. The authors thus aver:

With the spread of the industrial Revolution the aristocracies weren't just the economic losers; they also risked becoming political losers, losing their hold on political power. With their economic and political power under threat, these elites often form a formidable opposition against industrialization.¹⁸

The point these authors are making is that creative destruction redistributes not simply income and wealth, but also political power, powerful groups often stand against economic progress and against the engines of prosperity. Economic growth in the words of Acemoglu and Robinson is not just a process of more and better machines, and more and better educated people, but also a transformative and destabilizing process associated with widespread of creative destruction.¹⁹ According to the authors:

Growth thus moves forward only if not blocked by the economic losers who anticipate that their economic privileges will be lost and by the political losers who fear that their political power will be eroded.²⁰

A typical example of this scenario is the monopoly in the cement industry in Nigeria. Dangote knew that his dominance and monopoly of cement production will be destroyed if he gave Ibeto the chance to compete with him. Dangote tried every possible means with his upper hand in government to make sure that Ibeto never compete with him. Dangote created a monopoly in the industry and transform himself to only cock that crows in Nigeria. The major barrier to creative destruction is the elites in government. Once these groups saw that the entry of new innovation will erode their profits they will make sure that they block the new innovation in order to protect their interest. The mobile market in Nigeria gives a clear and compelling case study of how a billion dollar, highly addressable market was prevented from growing for decades. Why was Nigeria passed over for so long, until the early 2000s? Here is

the answer, the reason multinational telecom companies stayed out of Nigeria is because they were not allowed in. The public telecom monopoly, Nitel, went to great lengths to set-up huge barriers to entry and even more damaging, ensured that the Nigerian government and policy makers did not get the information they needed to set-up processes and incentives that would have opened the market up sooner.

Nonetheless, proving that the force of capitalism and the enormous market demand in Nigeria will never be denied for long, Jadesimi captures it that MTN went to great lengths to overcome these barriers to entry and this paved the way for other telecoms such as Glo, 9 Mobile, Airtel etc. the impact on GDP of opening up telecom sector to investment and competition is even more compelling as compared to the petroleum sector.²⁰

Today many African nations are faced with the challenges of unemployment, monopoly, low income capital, high death rate, illegal migration, lack of infrastructure and poverty. In the words of Oyeshola, poverty is not only a lack of money to take care of basic necessity of life.²¹ It creates a picture of aimlessness, uncertainty and hopelessness at the extreme in the mind of the poor.²² Oyeshola argues that without fundamental economic, social and political reforms and a change of behavior especially on the part of the elite, Africans efforts to free themselves from the all-pervasive problems of poverty, unemployment and violence are bound to fail.²³ These challenges can be addressed if the African leaders can change their mindset and focus on possible ways of engaging in new innovations that will bring sustainable economic growth. Investment in innovation and infrastructure are crucial drivers of economic growth and development. Technological progress is the key to finding lasting solutions to economic challenges. Acemoglu and Robinson hold that institutions forge the success or failure of nations. Thus:

The reason that Nogales, Arizona, is much richer than Nogales, Sonora, is simple; it is because of the very different institutions on the two sides of the border, which create very different incentives for the inhabitants of Nogales, Arizona, versus Nogales, Sonora.²⁴

Economic institutions in the words of Acemoglu and Robinson shape economic incentive: the incentives to become educated, to save and invest, to innovate and adopt new technologies,

and so on.²⁵ It is the political process that determines what economic institutions people live under, and it is the political institutions of a nation that determine how this process work.

All these great legendary figures the world celebrate today like Bill Gates, Steve Jobs and Thomas Edison had talent and ambition but they all responded to incentives, their school system, economic and political institutions enabled and made sure that these great men achieved success. But in sub-Saharan Africa, the reverse is the case, there are many great men with talents, but the leaders of these countries are not providing the basic things needed for them to acquire a unique set of skills to complement their talents. The important ways to facilitate sustained development is by investing in innovation, through that government will use the money generated from the revenue to build good roads, provide steady power supply, create economic incentives and provides a level playing field for their masses to invest and save. When all these measures are put in place, the rate of poverty, unemployment and high death rates that most countries in Africa suffer today will reduce drastically.

5.1. The relevance of creative destruction in building Economic Development of the Underdeveloped Countries

1. **Increase in National Income:** Industrialization allows countries to make optimal use of their scarce resources. It increases the quantity and quality of goods manufactured in that company, which makes a larger contribution to gross national product (GNP).
2. **Higher Standard of Living:** In an industrialized society, workers' labour is worth more. In addition, because of higher productivity, individual income increases. This rise in income raises the standard of living for ordinary people.
3. **Economic Stability:** A nation that depends on the production and export of raw material alone cannot achieve a rapid rate of economic growth. The restricted and fluctuating demand for agricultural products and raw materials along with the uncertainties of nature itself hampers economic progress and leads to an unstable economy. Industrialization is the best way of providing economic stability.
4. **Improvement in Balance of Payments:** Industrialization changes the pattern of foreign trade in the country. It increases the export of manufactured goods, thereby helping to

conserve foreign exchange. The export-orientation and import-substitution effects of industrialization help to improve the balance of payments.

5. **Stimulated Progress in Other Sector:** Industrialization stimulates progress in other sectors of the economy. A development in one industry leads to the development and expansion of related industries. For instance, the construction of a transistor radio plant will develop the small-battery industry. (This is an example of backward linkage.) In another case, the construction of milk processing plants adds to the production of ice cream as well. (This is forward linkage.)
6. **Increased Employment Opportunities:** Industrialization provides increased employment opportunities in small- and large-scale industries. In an industrial economy, industry absorbs underemployed and unemployed workers from the agricultural sector, thereby increasing the income of the community.
7. **Greater Specialization of Labour:** Industrialization promotes specialized labour. This division of work increases the marginal value product of labour. In other words, specialized labour is more profitable. The income of a worker in the industrial sector will be higher on average than that of a worker in the agricultural sector.
8. **Greater Control of Economic Activity:** Industrial activity is easier to control and regulate than agricultural activity. Industrial production can be expanded or cut down to respond to the price and cost of, and demand for, a product.
9. **Larger Scope for Technological Progress:** Industrialization provides greater potential for on-the-job training and technological progress. The use of advanced technology increases the scale of production, reduces costs, improves the quality of the product, and ultimately helps to widen the market.
10. **Rise in Agricultural Production:** Industrialization provides machinery to farm sectors, including technologies like tractors, thrashers, harvesters, bulldozers, transport and aerial spray. The increased use of modern technologies has increased the yield of crops per hectare. The increase in farmers' income boosts economic development more generally.
11. **Reduction in the Rate of Population Growth:** In a somewhat roundabout way, industrialization leads to smaller families. Surplus workers migrate from the farm sector to industries, which are mostly situated in urban centers. Cities have better sanitation

facilities, and health care is more widely available there. Through the adoption of family planning measures, people reduce the rate of population growth overall.

12. **Increased Savings and Investment:** Because industrialization increases workers' income, it also enhances their capacity to save. These voluntary savings stimulate economic growth. By cumulative effect, they eventually lead to the further expansion of industry.
13. **Provision of Defense:** If a country is industrialized, it can manufacture arms and ammunition that are necessary for its own self-defense. A country that depends on other nations for its arms supply will eventually suffer, and may face a serious defeat.
14. **Development of Market:** With the development of industry, the market for raw materials and finished goods widens even within country.
15. **Increase in Government Revenue:** industrialization increases the supply of goods for both external and internal markets. The exports of goods provide foreign exchange, in addition, the customs excise duties and other taxes levied on goods increase the revenue of the country's government. The income tax received from industrialists also adds to the revenue stream of the government, and is eventually spent for the welfare of the country as a whole

5.2. Approaches to breaking down barriers that hinder Creative destruction

5.2.1. Designing a New Strategy

Leaders of developed nations are known to have continually shown their knack in managing difficult situations by crafting functional strategies that align with the culture of the society or organization they lead. When a society, a person, or an organization has a problem, the first instinct will be to find a solution(s) to the problems. A well designed strategy is a symbol of action that will enable the authorities to achieve the desired goal- whether it is changing the behaviour of a people or engineering a social change. A strategy is a "how" and "a means of getting from here to there," a solution to move from where you are to where you want to be. Africa is facing myriad of social, political, and economic problems. Yet the leaders do not appear to have the skills and knowledge to design and implement effective strategies to resolve the issues. For instance, the African leaders are unable to tackle the infrastructural and

institutional problems, create incentives, encourage innovation, improve the nation's standard of education, and rebuild the economy.

The system of education in Africa and that of the economy must align to make a difference in the life of the people. The political leaders should flip the lens around a little to work out ways to serve the public good. They should collectively develop cross-sector platforms of innovation and leadership for positive change in the country. Dike notes that the fundamental causes of Africa's weak economy are poor leadership and governance that have contributed immensely to non-functional infrastructure and institutions, low quality of education, and lack of practical skills and knowledge to drive the economy.²⁶ There is no discernible change of attitude on the part of the leaders to address the shortfalls in the system; they are not willing to put their egos aside and listen to the people. They are mired in what Scharmer and Kaufer branded “ego-system awareness”....²⁷ The political leaders appear to worry about the realities in the ecosystem only when there are serious national issues that threaten their own well-being such as Ebola crises described as an epidemic without mercy.²⁸

At this critical juncture, Africa needs leaders who are committed to leading the societies to bright and bold future. This is because political stability in any country comes with development of the institutions and infrastructure that drive the economy, create employment, and take care of the people's needs. Without the political leaders reframing their thinking model and their meaning of leadership, without fixing the infrastructure and institutions that drive the economy, without creating incentives and innovation for people to invest, without harnessing their own route to development, without developing their young talents, without transforming the education system into the 21st-century model and equipping the students with the knowledge and skills to compete effectively in the knowledge- driven global economy, and without taking care of the needs of the growing number of the people in poor health, the society will remain unproductive and underdeveloped.

5.2.2. Reframing Leadership in Africa

Debates about the seemingly absence of effective leadership in Africa have been endless. For instance, Achebe writes that "the trouble with Nigeria is the failure of leadership."²⁵

Specifically, the people would like to have an enabling environment and a healthy economy, peace and stability in government, good roads, functional hospitals, schools and industries. Also, they would like their human and civil rights respected. The leaders talk about these issues without resolving them; instead, they lock themselves up in their lofty offices dishing out orders that are unimplemented. But the people may not get the services they want without the leaders reframing their meaning of leadership.

True leaders have passion and understanding for those they lead. And they are known to resolve conflicts by reframing the situation, which means "looking at the situation with a new set of eye." When the leaders reframes, it will enable him or her to respond to the situations by commanding control with confidence. As Dike notes, "leadership is not in the position, it is making responsibility and accountability, and it is working for the good of society to enable the people to achieve their full potential."²⁹

Personal growth is a component part of leadership. Thus, the leaders must change their mind-sets to lead from the emerging future possibilities. Dike citing Drucker notes, "you cannot manage other people or a society unless you manage yourself first."³⁰ In leadership, dike citing Burns observes that there are two types of leaders: transformative and transactional. Transformative leaders are those who have vision to mobilize people to action, while transactional leaderships are addicted to quid pro quo- "If you scratch my back, I will scratch yours". This style of leadership seems pervasive in Nigeria. Yet, another type is leadership that hands down orders from top to bottom. This style of leadership is mostly adopted by leaders who want utmost control over the decision-making process in an organization.

Many people in Africa wish to be leaders, but very few of them seem to understand the essence of leadership. True leadership is about serving the people; it is about having a sense of responsibility; it is about providing the people the service they need, or "getting things done through people." In addition, leadership is about inspiring others to excel. In a democratic society, power is said to come from the people at the grassroots. In making decisions the leaders must be cognizant of the opinions and needs of the people. And the leader will assume responsibility for what went well and what went wrong because "true

leadership is about taking responsibility wherever responsibility needs taking". Put it differently by Sharmer and Kaufer, "the essence of leadership has always been about sensing and actualizing the future."³¹ In productive and progressive societies, creativity is alive in everything they do. There is inspiration and aspiration involved in education as talented faculty is hired and students radiate creativity in innovations and research.

All these are made possible by the political leaders who invest national resources in technological development and innovation. Educational institutions offer students high-quality education that leads to good career pathway. This is not the case in Africa where political leaders are filling their pockets with public money, instead of serving the people.

To move forward, Africa's leaders must change their mind-sets and the people must not allow them to continue 'patching problems," Instead of 'redesigning the system to make it function effectively. The leaders should also learn to become better listeners and empower the people with skills and knowledge they need to become more productive. Africans must learn how to develop their own technology; this can be achieved by empowering the men and women with innovative ideas, irrespective of their background, this will pave way for more industries. In addition, they should be "grounded in mindfulness and service" to enable them design and execute effective policies, and offer solutions to the nation's myraid of social, political, and economic problems. That means reframing leadership and the environment.

5.2.3. Reinventing the Environment

Africa's existing democratic structures are not yet effective. "Its extractive political and economic institutions do not create incentives for the citizens to save, invest, and innovate." Power and wealth are concentrated in the hands of those controlling state apparatus. In other words, only those in control of or connected to those in political power are benefitting from the system. Lack of effective law and order and absence of creative destruction has destroyed the environment. "As human beings, our actions, attitudes, and beliefs are defined by our physical environment". Dike citing Dewey avers:

...we cannot remain in a dysfunctional environment and expect good outcomes in what we do. As our physical life is affected by the physical environment.....so also our nation's environment will affect the quality of attention the people will give to their actions. The system is corruption-charged, and that has affected the moral life of the people and the health of the economy.... No permanent solution is possible save in a radical social alternation."³²

The political leaders can only change the system by changing their mental models. They are always on each other's throat with their petty politics, instead of dealing with broad national issues and creating an environment that would accommodate the interests of the diverse population.

5.2.4. Building a Healthy Economy and Industrialization.

The country that is more developed industrially only shows, to the less developed the image of its own future. Building a healthy economy does not occur over night. It takes planning, resources, and unswerving leadership to build and sustain a healthy economy. Africa must take responsibility for the growth of its own economy and institutions. We have the means and the capital to do so. Africa's financial challenges are not only lack of funding but also lack of effective, inclusive and optimal use of available resources. The first step is for the leaders in Africa to develop a growth mind-set and shift the nation's educational paradigm to educate and train the technical manpower to drive the economy. Ineffective political and economic institutions are known to breed a weak economy, which creates high unemployment and poverty and generates sociopolitical uncertainty. Yet the political leaders do not seem to take the threat to national stability seriously as they are mired in their selfish political interest. As emphasized in *Leading From the Emerging Future*, in order to meet the challenges of our time, Africa's need to shift their thinking as individuals and as a society because today's economy works as a set of locally embedded and globally interlinked eco-system.³³

Many countries in Africa appear to have entrepreneurial skills; very creative and innovative. But the unpredictable extractive political institutions and unfriendly business environment have stunted their zeal. In particular, poor leadership that has combined with all these conditions to create weak economy has not allowed the society to tackle its systematic problems. Starting a small business from scratch is challenging. It takes a lot of passion and determination to keep ones businesses running and to market ones products or services under the poor business environment in Africa. Thus the situation does not allow for creativity and innovation.

To build a healthy economy, the political leaders must shift their mind-sets and invest in the infrastructure and institutions that drive the economy and enhance individual and national productivity. Also, the society must empower the youth with the skills and knowledge irrespective of their background and status in life to take initiatives, conduct independent inquiry, compete effectively in the global economy, and produce results the society wants. As Dike citing Senge has aptly notes, "When.... people develop effective institutions and work collaboratively, they can be a formidable force for change in the society."³⁴ In reality, the secret of economic growth, since the time of Adam Smith, is specialization. But this is possible with effective political and economic institutions to enable the countries in Africa to train the needed technical manpower to specialize in producing the goods and services the world wants. This goes to show that economic growth and investment in human capital development are inseparable as they complement each other.

In the words of Acemoglu and Robinson, why some countries in sub-Saharan Africa has failed to develop and why the people are poor is because the political and economic institutions are extractive.³⁵ Put differently, the leaders extract material and financial resources (revenue) from the system without investing in the institutions and infrastructure that drive the economy. The mood in some parts of African countries, particular Nigeria does not appear upbeat because the people are not politically empowered as the society is economically underdeveloped. Although Nigeria has a history of democratic elections, it does not seem to have an inclusive political institution. This is because during elections, there is violence and intimidation and electoral fraud. And the system does not have a political level

playing field; the rich and powerful individuals control the system. In some cases, chaos would reign, coloured by kidnapping and political murders. African nations cannot build a healthy economy and lead from the emerging future without the leaders shifting from their engrained "ego-system to ecosystem awareness both individually and collectively." Without that, the society will remain chaotic and underdeveloped with untold human misery. Importantly, the free movement of goods and people will only become a reality when we build links across the continent; roads, railways, airports, the ports that will allow us and our goods, services and capital to move seamlessly around the continent. The call for industrialization is not new for Africa, but we must now heed it in a different way.

5.2.5. Radical Transformation of the Education System

Most schools in Africa are not properly maintained. Some of these schools do not have a library or functional laboratories. In tertiary institutions, for instance, most faculties of the natural sciences (which harbor departments like physics, chemistry), life science (biology, microbiology, botany), and applied sciences (faculties of engineering, medicine, pharmacy) either do not have adequate laboratories and practical training, or have nonfunctional laboratories with obsolete equipment. Hence education in Africa has become one oriented towards producing 'job seekers' rather than 'job creators' due to lack of adequate and efficient practical training. Most graduates produced in Africa today are barely good enough to maintain acquired technologies (in the sciences) or domesticate foreign ideas in Africa (in the arts, social, and management sciences). They lack the skill to develop technology, or to produce indigenously based ideas for Africa. Sequel to this, Tegghemba observes:

Occasionally discoveries are made by some hardworking students in the sciences and these discoveries are exported out (brain drain) of Africa, further developed outside Africa (especially in Europe), and imported back into Africa to be consumed by Africans as foreign goods.³⁶

It is sad to say, in spite of all the education taking place in Africa. Africa is still more of a consuming than a producing continent. In the words of Acemoglu and Robinson "education is intimately linked to technological innovation." ³⁷ Fukuyama observes that it is hard to imagine economic and political institutions working properly in a largely illiterate society

where the people cannot take advantage of information about the choices open to them.³⁸ Fukuyama thus explains that economic development ultimately tends to promote the broad equality of condition because it creates enormous demand for a large, educated work force. In the words of Fukuyama:

Middle-class societies arise as a result of universal education. Industrial societies require large numbers of highly skilled and educated workers, managers, technicians, and intellectuals; hence even the most dictatorial state cannot avoid the need for both mass education and open access to higher and specialized education if it wants to be economically advanced. Such societies cannot exist without a large and specialized educational establishment.³⁹

Lack of education is the surest condemnation to second-class citizenship. The self-professed aim of modern education is to "liberate" people from prejudices and traditional forms of authority. Educated people are said not to obey authority blindly, but rather learn to think for themselves. As observed earlier, Africa is facing major challenges, including the crises in the education system and corruption scandals "that are strewn around the political landscape like strewn hut in a hurrican."⁴⁰ In particular, the education system lacks proper funding and planning, and teaching and learning are based on theory with little or no practical application of what the students learned in the classroom. Practical application is the way for any society to become innovative and creative, and thus produce results the people want. It has been observed that the ultimate goal of teaching is to ensure that students develop a deep understanding of the subject matter and interconnected knowledge and skills they can draw upon when needed.

The problem facing the Africa's education system and other facets of the polity is dictated by the political and economic institutions that do not shift toward progressive, creative destruction and thus economic success. In a nut shell, this means that creative destruction will replace obsolete technologies with new and emerging technologies as well as create better ways of thinking, leading, and doing things. Africa's repressive political and economic institutions have contributed immensely to the eventual socioeconomic decay or stagnation.

To transform the education system, the leaders' politics must shift toward promoting favourable institutions, creativity, and progressive innovation. Again the teachers and administrations in the education sector should be motivated to acquire the knowledge and skills needed to introduce practical education that works.

Scholars have observed that nations will rise when they design and implement pro-growth political institutions that share power, train, educate and produce productive workers. But fail when the institutions fail to adapt to the environment or when the powerful political elites benefitting from the status quo prevent the institutions from being effective. So, to move forward, the African leaders must create progressive institutions and adopt methods that have been tested by successful countries and adapt them to fit into the environment. Although some educators and policymakers think that investing in technology will improve the education standards and student performance, others have different opinions, for instance, Dike citing Daniel Goleman in his book, *The Triple Focus: A New Approach to Education*, co-authored with Peter Senge, thinks that the combination of instructions in "social and emotional learning" can enable students to better understand themselves, their friends and their environment. Such in structural techniques can improve both social skills and academic performance.⁴¹ Acemoglu and Robinson rightly observe that the schooling system in the United States enabled Gates and others like him to acquire a unique set of skills to complement their talents.⁴²

Thus, improving of education system in Africa should go beyond rhetoric. Blaming the teachers is not the answer to the failing standard of education in Africa. The extractive political and economic institutions in which the teachers work are the problems. As long as the underlying institutional problems are not solved, all the rhetoric will not fix the education system. African countries should build inclusive political and economic institutions to empower the teachers and treat them as professionals they really are. In addition, they should adopt effective teaching and learning as well as education reform that will add value to the system. This seems possible only through building mindful educators- those who have the welfare of students at heart, and are committed and motivated to making teaching and learning enjoyable. Perhaps, because of poor investment in human capital development

(education and health care system), the secondary school (high school) graduates in Africa churn out yearly are ill-prepared to face the rigours of university education. To reverse this ugly trend, leaders of the secondary school education sub- sector should develop progressive policies and educate the educators so that they can empower their students with the knowledge and skills to become effective participants in 21st-century society.

Lack of proper attention in preparing high school graduates for university education seems to pose serious problems for the development of creative destruction, and productive citizens. For the workers to compete effectively in the 21st global economy, the education system should be transformed to meet twenty first century knowledge and skills. If the teachers are well trained, it will lead to motivation of teachers as well as improve teaching and learning strategy in the classroom. It is, therefore, necessary for Africa to adopt innovative and imaginative ways to train and support teachers to enable them to deliver quality teaching and better motivate students. It is equally essential for teachers and administrators to understand their philosophy of teaching, which is their business, as that will be essential for them to understand themselves and their colleagues better, as this may engender high individual performance and team work.

To restructure the education system, Africa needs leaders "who are transformative in orientation," transformative leaders have a vision to organize and mobilize other people to action. Without retooling the education system and arming the workers with appropriate skills and knowledge and without abolishing policies and politics that are inimical to economic development and prosperity, Africa cannot be transformed into a productive society.

Acemoglu and Robinson observe that:

Developed and progressive countries became what they are today because their people fought and overthrew the powerful political elites who dominated political power, and thus create a society where political rights were properly shared and the government was responsive to the needs of the people.⁴³

As noted earlier, to improve the education system, the educators should first be educated and motivated to empower their students, because the quality of faculty and teachers matter in the quality of teaching and support they provide for the students. The education leaders are good

at blaming the teachers and students for the poor performance in external examination without taking responsibility for their own contribution to their poor performance. Quality counts: the leaders should develop an education system that serves the society well. Thus, they should upgrade the status of the educators and respect them like other professionals; they should empower them to make better decisions and effectively perform their duties. A teacher's skill makes a difference in student performance, both in school and their feelings of well-being.

Extractive institutions hamper national development, without inclusive institutions, sustainable growth and development is difficult, if not possible. It is unreasonable to expect the disrespected teachers to educate and motivate the youth; the society should expect to get only what it has invested in the education system as Dike citing Dewey has observed, "...we receive but what we give...."⁴¹ When teachers feel honored, they will develop the will and capability to educate their students and equip them with the skills, knowledge and attitudes to become change agents in the society. Importantly, the government of the countries in Africa, particularly the sub-Saharan Africa should ensure that their indigenous subjects, particularly history and other related are made compulsory in schools. This is because it will help the students to know more about the history of their land, their identity and their value system.

5.2.6. Transforming the Health Care System

As stated earlier, inclusive institutions matter in national development. According to Acemoglu and Robinson, institutions that encourage prosperity create positive feedback that prevent efforts by elites to undermine them.⁴⁴ Like in the education system, Nigeria's health care system does not appear to meet the needs of the people. Poorly equipped hospitals and health clinics are strewn all over Africa. And like the educational institutions, the health care institutions are lacking the emerging twenty first century medical science and technologies that would enable the health care workers to provide high-quality health services to the people. In his speech "heal our land oh Lord" the Bishop of Amichi diocese Ikeakor laments that "Medically Africa is in comma." However, due to ineffective institutions, the health care

providers cannot provide good quality services without proper training and resources. Worse still, they operate in unsafe work environments. Thus, transformation of the health care system should revolve around transforming the relationship between patients and the health care providers. That means changing the political attitude of the elites as well as creating pro-growth health care strategies and institutions. There are many countries in Africa without basic health care facilities; as a result, the people do not have access to primary health care services.

Consequently, millions of Africans die every year from preventable disease such as high blood pressure, hypertension, prostate cancer, diabetes, breast cancer, stroke, hepatitis, maternal child birth issues and malnutrition. Unfortunately, because of poor institutions and deterioration of the health care system, the political leaders (and others who can afford it) often travel abroad to receive high-quality health care services at the expense of the public. This is because the African leaders do not have the interest of the people they are serving at their mind. If really they want to move their nations forward, they will observe that there is nothing sacrosanct about Western medicine and doctors. Why the leaders are running to developed countries to receive quality health care services is because they have failed to develop their health care system and health care practitioners. African countries are blessed with men and women that have discovered drugs for infectious diseases, but due to extractive nature of these countries in Africa, they have failed to develop the idea.

Feyerabend in his book *Against Method* observes that people survived millennia before Western Science arose; to do this they had to know their surroundings....⁴⁵ Feyerabend further argues:

Several thousand Cauhuila Indians never exhausted the natural resources of a desert region in South California, in which today only a handful of white families manage to subsist. They lived in a land of plenty, for in this apparently completely barren territory, they were familiar with no less than sixty kinds of edible plants and twenty-eight others of narcotic, stimulant or medical properties. The knowledge that preserves the lifestyles of nomads was acquired and is preserved in a non-scientific way.....Chinese technology for

a long time lacked any Western-scientific underpinning and yet it was far ahead of contemporary Western technology.⁴⁶

In the words of Feyerabend, "it is true that Western Science now reigns supreme all over the globe; however, the reason was not insight in its 'inherent rationality' but power play (the colonizing nations imposed their ways of living...."⁴⁷ Western sciences so far has created the most efficient instruments of death. The remark that without Western science many 'Third World nations' would be starving is correct but one should add that the troubles were created, not alleviated by earlier forms of development". It is true that Western medicine helped eradicate parasites and some infectious diseases but this does not show that western science is the only tradition that has good things to offer. Feyerabend concludes by citing the Chinese example. China refused to be intimidated by the rigidity of the west, China ordered traditional medicine back into her Universities and hospitals, there was an outcry by the West that science will be ruined in China. The very opposite happened, "Chinese science advanced and Western science learned from it." African countries can emulate from the Chinese example and advance their traditional medicine if only they can allow their health care workers to be skilled, educated and reliable. Everyone should have access to high-quality health care that is being now enjoyed only by the rich political leaders. The administrators of the health care system, in collaboration with the medical community, should transform and modernize the health care system for the benefit of everyone. Building functional health care facilities in every community to deliver high quality health services to the citizens and building a healthy economy is imperative. But this requires an effective institutions and a transformative leader who will work collectively with others in the society.

5.2.7. Embracing Competition and Encouraging bold ideas

Simply puts, competitions can transform society. They play an important role not only because they inject cash where it is most needed but they raise the profile of enterprise and encourage others to reach out and attempt to bring their ideas to fruition. On the other hand, encouraging entrepreneurs to come up with bold ideas and create a culture of enterprise risk-taking also means creating funding models that support enterprise and help people who are willing to take a risk.

In the words of Schumpeter, entrepreneurship and competition fuel creative destruction. Richard Aim and W. Michael Cox quoting Schumpeter summed it up as follows:

The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates.⁴⁸

Entrepreneurs introduce new products and technologies with an eye toward making themselves better off- the profit motive. Richard and Michael has it that new goods and services, new firms and new industries compete with existing ones in the marketplace, taking customers by offering lower prices, better performance, new features, faster services, more convenient locations higher status, more aggressive marketing, or more attractive packing.⁴⁹ Policy makers in African must create incentives and a level playing field for these young entrepreneurs in Africa to innovate in technology, by so doing the issue of illegal migration, poverty, monopoly, unemployment and high death rate will drastically reduce. Although in Africa there are some new innovations like Mellowcabs, Mubser, cardiopad, ViViFi Touch Sticker but African innovation is not yet getting the level of global recognition and support it truly deserves. The continent is brimming with a rising new generation of bold, creative thinking innovators and entrepreneurs who are constantly inventing and developing new technologies that will simplify our daily lives and transform societies-technologies irrespective of their leader's inability to create a level playing field for their citizens to invest and innovate.

5.3. The Asian Model of Development

The inevitable growth and development patterns of several Asian countries are well known. The idea of an Asian model for development grew with the rise of "Tiger" economies of Hong Kong, Singapore, South Korea, and Taiwan, dubbed "The East Asian Miracle" by the World Bank. The model came under stress in the regional crises of 1997, but the idea of Asia's rise has resumed given the region's rapid recovery and the persistence of Asian growth

rates despite the 2008 global crises.

As the early 1960s South Korea, Taiwan, Singapore and Hong Kong ("The Asian Tigers") were considered to be a part of third world: Harvey and Lee rather unkindly refer to it as "economic backwardness."⁴⁹ Since the 1997 Asian financial crises, praise of the "Asian Miracle" has dwindled in academia, yet the tigers still stand as rare examples of states which have successfully developed in a manner no one could have predicted fifty years ago and at a considerably faster rate than any of our current efforts at third-world development seen to be proceeding.

In 1944 Harry Truman introduced the concept of development to the world, identifying it as a key priority of the west in order to maintain peace and prosperity amongst all the people of the world. In the beginnings of the great ideological war against communism, he took care to articulate that his program of development would be based on the "concept of democratic fair-dealing". Bruno Marshall argues that "this vision shapes the nature of development even today, with economic development and state-building more generally, predicted on the assumption that if liberal democracy is established then all other aspects of development will naturally follow."⁵⁰ The examples of the Tigers show us an alternative path to development: a strong central government guiding the economy rapidly forward through distinct stages of development until it reaches full industrialization.

5.3.1. South Korea

In 1945, South Korea was finally made independent of Japanese rule, only to immediately be placed under US military occupation. The long-awaited autonomy it achieved was rapidly overshadowed by the Korean war (1950-53) with the North, which destroyed two thirds of existing production facilities worth some three times the GNP. The long road from these humble origins to its current position in the G20 can be analyzed as a systematic movement in four discrete phases, beginning in the Lee era but mostly taking place under the park government. The first phase of development constituted recovery from the devastation of the war, with an average of 15.9% of GNP coming from US-owned, and import substitution industrialization was adopted with 30% of aid going towards agricultural equipment.

Worker's unions were suppressed by the Rhee government to keep labour cheap. Korean economic growth in this period was highly dependent on US aid and investment savings and vulnerable to intense fluctuations. The park coup in 1961 demarcates the second phase of Korean economic development: the development of light industries and export-oriented growth. Having recovered from the war and no longer entirely reliant on US aid to pay for imports, the Korean economy could now begin to utilize its cheap labour force to grow through exportation of light industrial goods.

While growth in the early 1960s was fantastic, as high as 10% in some years, the park government did not see this as a sustainable means of growth. The foreign currency earned through this explosion of export was reinvested in the advanced technologies and machinery which was necessary to progress to the next stage of development, while tariffs and subsidies were used to shield growing advanced industries from the international market. This set up the third stage of development, articulated in Park's second five-year plan: the development of heavy and chemical industries supported by legislation and key policy instruments. Foreign capital, though still under heavy government restrictions, was sought to help bolster growth and exports grew at almost 3.9% per annum. This phase of development has lasted carrying Korea forwards until the early nineties.

The 1990s saw a number of significant changes in the South Korean economy, the push into high tech industry. In 1988 high-technology exports made up only 15% of total export, but this number increase almost by an entire percentile every following year. This international demand for Korean goods coupled with a dramatic increase in domestic consumption and higher standards of living across society, marked the definite movement of Korea into "successful state" status. However, in Korea's economic history we can identify four discrete phases of development: a period of import substitution industrialization; the development of light industry and export-led growth while investing in and protecting heavy industry, increase in labour quality through education and permissal of limited degrees of foreign capital; and finally the development of the high-tech industry, the skilled labour required for which stimulating domestic consumption. All of this was driven by the central state with a

Clear end-goal in mind and a range of effective legislative and policy tools for implementation. Aggressive reinvestment in infrastructure, over a long period of time allowed for a progression through distinct phases of development even when reinvestment in the newer phases would have appeared a less optimal to individual market actors. It was this incessant push forward that eventually led to Korea's development as a fully industrialized and technological economy.

5.3.2. Taiwan

Taiwan shares a similar story to Korea, although at least in economic terms its origins are marginally less humble. The story again begins at the end of a war, but Taiwan itself was left relatively unscathed by the fighting and still bearing the remnants of Japanese colonial attempts at development: some established agricultural exports in rice, sugar and pineapples, basic food processing plants and a handful of textile factories. Leadership initially adopted a policy of ISI in pursuit of subsistence, but due to bad experiences with inflation on the mainland, a more aggressive growth policy was not adopted until the USA threatened to reduce aid in the 1950s. Only then did Jiang and the GMD begin to industrialize along the lines we saw in Korea. Before this period the primary sector (mainly agriculture and fishery) accounted for nearly a third of GDP before rapidly dropping to just 7% in the industrial explosion, and food processing.

Interestingly, after the initial boom of light industry (particularly textiles) we would expect to see from Korea's experience, light industry remained statistically significant all the way in 1980s. Heavy industry was quickly established, in particular steel, electronics and petrochemical, as soon as the state ascertained that domestic and international demand was sufficient. While other state firms were privatized during the development process to encourage foreign investment and expertise, these industries were always seen as essential to reconquest of the mainland and remained firmly nationalized. Taiwan followed a similar trajectory to Korea in its progression through four distinct stages of development.

5.3.3. The City-States: Singapore and Hong Kong

Singapore was perhaps the most "democratic" of the Tigers in its early life, if in name only: so the leadership of Lee Quan Yew that in the words of a British diplomat "politics disappeared" leaving only an "administrative state". After reluctantly accepting Singapore's independence from Malaysia in 1965, Lee took control of Singaporean politics in "soft authoritarianism" until his retirement in 2011 and much of Singapore's success is directly attributed to his personal vision and ability. Singapore's development follows a now- familiar path. While not facing the challenges of rebuilding after a war, Singapore stood alone as a modern city state with no little land to effectively feed its citizens. Food and water had to be provided for by imports, necessitating a quick push towards export- oriented light industries to balance trade. Interestingly Singapore sought to supplement the local lack of technical and managerial knowledge by attracting international firms, albeit in a limited fashion using their capital and resources to kick-start the light industry that would provide the back bone of Singapore's economy for the next few decades.

The 1970s saw a dramatic change in the structure of Singapore's economy, with manufacturing and heavy industry becoming increasingly more of a priority throughout the 1970s and 80s. This was largely in response to the challenge that China's burgeoning light industry under. Deng posed to Singapore's output, and was pushed forward by the central government through a combination of reinvesting of wages in industry, infrastructure, housing and communications through the central provident fund and an increase in minimum wage, forcing employers to seek more efficient modes of production.

Unlike Taiwan and South Korea, Singapore's move to final phase of development was not marked by the establishment of the high-tech industry but rather by fulfillment to Stamford Raffles' original vision for Singapore as the trading and financial hub of South East Asia. Trade, import refinement and finance all require skilled labour, much high-tech industry, and Singapore's unique geographic position and recent market liberalization allow this to serve as the high level industry that cements its position as a fully developed nation, just as high tech industries do for South Korea and Taiwan.

Given today's liberal market-led development in action, the importance of the central providence fund in establishing the infrastructure needed for heavy industry and the dominant role of Lee in both politics and economic direction both suggest that the state was the principal mover in the development to pave the way to a financial and trade hub. All these successes recorded was as a result of good leadership. In the words of Lee:

Democracy works where the people have that culture of accommodation and tolerance which makes a minority accept the majority's right to have its way until the next election, and wait patiently and peacefully for its turn to become the government by persuading more voters to support its views. Where democracy was implanted in a people whose tradition had been to fight to the bitter end, it has not worked well.⁵²

5.3.4. Hong Kong

Hong Kong is similar in many ways to Singapore, although it is notable for being the most consistently laissez-faire (and therefore market-led) of the Tigers. As in Singapore the pressing need to balance trade deficits due to poor agricultural potential led to a rapid development of light industry, but then advocates of market-led development would argue that the next steps through to trade and financial services would have been a logical step for market actors to take.

Hong Kong, like Singapore, ended up as a financial centre for its region as well as a major industrial producer not bad for a former entrepot. It is unusual among the Tigers for having fairly consistent Laissez-faire approach to the market-led mode of development. However, this is not to say that the state had no hand in pushing development forward when the market might have been content to stay in one phase.

When taken into consideration with the other Tigers, we have a clear idea of how their economies developed. In all cases barring to an extent Hong Kong, a strong central state created a long-term plan for development that saw it through from the early days of ISI all the way to the establishment of advanced technological or financial industries. The state was able to implement these plans through a range of policy tools without considerable domestic challenges and with the ability to adapt the details of the plans to the challenges they

encountered along the way. Rather than dwell in any particular phases of development, the tigers pushed forward aggressively reinvesting in the infrastructure needed to establish the next phase and protect it from the advantages of the international market until it was ready to shoulder the burden of economic growth. This saw them through, with some variation from backwards islands, peninsulas, and losers in war to four of the most powerful economies in East Asian. A lot of questions have been raised concerning the successes recorded by the tigers.

However, the question now remains; can this success be replicated elsewhere?

The most common explanation of the Tigers' success is that it was in some way due to their shared Confucian culture. Beyond the obvious objection that there is still a number of Confucian states in the early stages of development, Chang has considerable disdain for this argument. Chang's response was that "No culture", he concludes, is either unequivocally good or bad for economic development. Everything depends on what people do with the raw material of their culture.

5.4. The Missing Link: Leadership Legitimacy

If the success of the state-led development in East-Asia cannot be attributed to their culture then what? It was the legitimacy of these countries' leaders. All four Tigers had a strong central leadership able to effectively steer the direction of the economy without significant internal challenges, an indication that all enjoyed considerable legitimacy. The leaders of all four of these countries had considerable motivation to aggressively seek sustainable development, and the fact that legitimacy was based on neither democracy (which can lead to instability and a lack of long-term planning) or ideology (as in the communist states, binding development to a prescribed course with no room for adaptation) allowed them to pursue this sustainable development with stability and flexibility explaining their particular success. The relationship between the economic development of Singapore and Hong Kong and the interests of their leaderships is an even more pressing issue of survival: given their tiny size, they simply didn't have the agricultural basis to survive as independent countries. If they had not industrialized and maintained a position of economic necessity with the region, then they

would not have been able to feed their population. The tiger approach to development is perhaps best characterized then as "success due to coherent and flexible policies, effective implementation by the state.... and political capacity to insulate economic planning from competing interests".

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CHAPTER SIX

PHILOSOPHICAL EVALUATION OF CREATIVE DESTRUCTION IN RELATION TO EXTRACTIVE INSTITUTIONS IN AFRICA

In Philosophical terms, the concept, creative destruction is close to Hegel's concept of *Aufhebung* which means "to sublate." *Aufheben* is used by Hegel to explain what happens when a thesis and antithesis interact.¹ In Hegel, the term has the apparently contradictory implications of both preserving and changing, and eventually advancement. Sublation says

Hegel is the motor by which the dialectic functions; his conception of historical progress follows a dialectic spiral, in which a thesis is opposed by the antithesis, itself sublated by the synthesis.² The essence of thinking says Hegel is change. All thinking moves in terms of a three- beat rhythm: thesis-antithesis-synthesis. All thinking starts with the idea (thesis), develops its opposite idea (antithesis), and then works these opposites together into a new whole (synthesis).³ Thus down through history says Hegel, thought follows this three-beat pattern, each synthesis becoming in turn, another thesis. This three-beat dialectical rhythm-thought always completing itself- is the movement of history. Therefore the essence of thought is continual change and growth toward completion and wholeness.⁴ To Hegel history is the stage on which change is always moving from the incomplete toward the complete, toward wholeness, unity, and freedom.⁵

In German economic discourse creative destruction was taken up from Marx's writings by Werner Sombart in his 1913 text *Krieg und Kapitalismus*. Werner posits that from destruction a new spirit of creation arises; the scarcity and needs of everyday life forced the discovery and invention of substitutes. Similarly Karl Marx avers that man's constant search for improvement of production (with a view to overcoming scarcity, etc) leads to the development of forces of production.⁶ In other words, changes in technology (forces of production) produce changes in the organization of society (relations of production), the old order gives way to the new for example, hand weaving was replaced by mechanical looms; typewriter was replaced with computer; computer was replaced with laptop, ipad and other technologies like tablets are fast coming out to replace laptop. Thus Marx maintains:

Means of production are improved by scientific discoveries and invention of new techniques and implements while labour power is developed by acquisition of new knowledge, education and training.⁷

Marx states that this process of historical development can also be explained by dialectical method. In the Marxist dialectic, an initial state of affairs (called the thesis) develops to a point where it produces its own contradiction (the antithesis). The two remain in tension until another state of affairs supersedes them (the synthesis). According to the dialectic concept, the established order is a thesis which inevitably produces its own antithesis in form of a new mode of production. In other words as a result of some new invention or technology,

productive forces come into conflict with the existing relations of production, particularly with the prevailing property system, which instead of furthering their development becomes the fetters upon it. Thus, Marx argue that conflict and struggle are an inevitable part of history.⁸

The industrial revolution created a transformative critical juncture that affected almost every country. Some nations not only allowed, but actively encouraged, commerce, industrialization, and entrepreneurship, and grew rapidly. Nations under the grip of extractive political and economic institutions particularly countries in sub Saharan Africa did not generate such incentives. They could have actively encouraged industrialization, but they didn't because their citizens do not have the economic rights and freedom to do so. This is because they have been ruled by elite that have organized the society for their own benefit at the expense of the vast mass of people. For instance in Nigeria, extractive political and economic institutions are the norm, the leaders have failed to impose law and order, their citizens lack both economic and political freedom and rights to make choices. The masses have lost all their rights, beginning with the right to talk. Every day innocent citizens are been imprisoned for saying the truth, the ruling party makes decisions that will favour only them living no room for public opinions.

However, it was due to these dehumanizing acts that led Sartre to conclude that we do not have freedom, man is condemned to be free, condemned, because he did not create himself, yet is nevertheless at liberty, and from the moment that he is thrown into this world he is responsible for everything he does.⁹ Sartre's concept of freedom which says that whether man likes it or not, man is condemned to be free has gone a long way to promote extractive institutions which has led to widespread of lawlessness, abuse of power, dictatorship and absence of state centralization as in many nations in sub-Saharan Africa. Those controlling political power find it more beneficial to use their power to limit individual's freedom and economic privilege so as to steal and loot from them rather than supporting technological innovation that will bring economic progress.

However, society of course, does not change itself. These changes are brought about by human agent. In order to understand theories of society both in general and in particular, “theories of good society” there is a need to appreciate the conception of man that informs them. This is because in the words of JCA Agbakoba, any theory of the good society has implicit in it a theory of human nature. “Human nature is what we conceive to be the distinguishing properties of human beings.”¹⁰ Agbakoba says that the various ways of looking at this issue are not arbitrary; rather they spring, as commitment.¹¹ There are two basic conceptual commitments, one is the passive conception which according to Agbakoba is a mechanical deterministic view, in which humans are subject to the natural laws of the environment and genetic inheritance.¹² On this human beings act in a way or manner under given condition. They can be manipulated by social engineering for the creation of a better state. This conception of man is what Agbakoba citing Hollis called “plastic man” in contrast to “autonomous man” (the view that upholds man’s freedom)

On the autonomous conception, “human beings are not entirely predictable; one can only obtain from the agent reasons for his actions and evaluate them.” Agbakoba points out the different ways of conceiving man within these two basic groupings. There are those who argue that the nature of man is psychological which B.F. Skinner one of the proponents argues for a psychological reduction of social phenomena, and also the physicalists who argue that all social and psychological phenomena could be reduced via biology to the physical-chemical.¹³ As how these conceptions of human nature relate to the type of social theory that is being considered, Agbakoba says that social theories are meant to give us understanding and explanation of the way society is organized, its functions and institutions, structures and development.¹⁴ Thus;

Society is thought of as being composed of human beings who interact. Human nature has some sort of bearing on social behavior just as the behaviour of atoms are related to material objects. For instance, the nature of underlying molecules and their movement are necessary for understanding the behavior of gasses. In the same manner understanding society requires understanding human nature.¹⁵

Importantly, J.C.A. Agbakoba notes three ways in which theories of human nature enhance our understanding of social theories. He starts by positing a teleological conception where the purpose of society and the way it is structured is seen as a means of getting some goals that are inherent in man, which man strives to attain. For instance, the social contract theory of J.J. Rousseau could be predicted on a perceived principle of equality at birth which societies have lost in their evolution. So the need to re-organize the societies to reflect this equality stares them in the face as successes are judged in terms of their degrees of equality.

The second way involves causality devoid of teleology. Agbakoba holds that social structures are seen as determined by human nature through causal web.¹⁶ This presupposes that societies have no goals except those their members chose. Thus nature does not provide inherent ends. The third way is that of human freewill. For instance man always does what he freely wills; the regularities of action in the society are merely coincidences. This is because the people involved can have various means of doing the same thing. All we can do therefore is advisory roles in man.

However, Agbakoba avers that development is about the self-realization and quality of life of an entire population of a society or humanity as the case may be.¹⁷ In other words “development”(in terms of a desirable end) of only a small fraction of the population of a state or humanity at the expense of other members of a state or humanity, as the case may be, is not development.¹⁸ The implication of this view by Agbakoba is simply not that beliefs and values influence history but that the autonomous mind can generate values and beliefs which can influence the course of development for good and bad.¹⁹ Such beliefs and values cannot be reduced to the economic structures and social society as Marx and Engel observed or to other structures and social processes, because self-consciousness and human creativity cannot fully determined the confer indeterminacy and freedom on humanbeings.²⁰

Agbakoba holds that the nature of this autonomous mind which rests on freedom and creativity is about the freedom and to create and recreate the structured world in we live, with its in-built alternatives and possibilities which creates room for choices.²¹ in the view of

Agbakoba, ontological beneficence is needed for the autonomous mind to flourish; without this, humans will be in a Hobbesian state of nature dominated by insecurity or in a state of alienation as in slavery or exploitation, in such conditions the creativity of the autonomous mind will diminish. However, ontological beneficence has to be institutionalized by a society so that the autonomous mind can flourish in the reproduction of its true nature, with this sustained and positive development and self-realization can be attained.

In conclusion, it is very important that Africans should pay serious philosophical attention to the beliefs and values and ideology. Values are fundamental concepts that give meaning and worth to human needs and existence. They serve as guides for the identification and actualization of human aspirations and enhancement of human welfare. Values determine the line of development and disoriented values militate against development by diffusing development focus. Development is the process of improvement of human nature and welfare in pursuit of perceived end of man which is determined by the people's ideology. It aims at achieving efficiency, freedom and enhancement of human life. It liberates man from the constraints of nature. Sustainable development, therefore, must evolve from the ideas, values and perceived needs of the people. Africans should courageously confront their developmental challenges without looking up to other countries to bail them out. However, without proper values and choices and adequate levels of agential reactivity, cultural firewalling and self-determination, the people cannot apprehend or utilize the opportunities and potentials for development that come their way. Agbakoba citing Adebayo posits;

The economic history of the developed countries of today shows that the development process involves much more fundamental phenomena. These include wholesale economic, social and administrative reforms, perceptible changes in the attitude of the people to work, to savings and investment and to life generally and a widespread acceptance of the discipline in private and national lives which are the prerequisites of development. Where these reforms and changes have taken place economic development has proceeded very rapidly... until developing countries come to realize that development touches all aspects of a society and the individual's attitude to it they will continue to mistake indices of development for its process.²²

From the above, Adedeji is saying that development is based on the values and attitudes of a people, which as we have seen is derived from the of supreme beliefs and values that gives their worldview its core value orientation.²³ African leaders need to change their attitudes and emulate from the leaders of the developed world in order to come out from extractive institutions. Development cannot occur when the political and economic institutions are extractive because of the infighting and the desire to benefit from extractions that characterizes extractive institutions. Lee Kuan Yew was able to lift Singapore from third world to first because his concern was how to give his people hope and not to demoralize them. He began to attend to the pressing needs of his people, first, he got international recognition for his people, made sure that there was law and order and created a new kind of economy. His main objective was to have a well-ordered society so that everyone can enjoy freedom to the maximum. In the words of Lee, liberal democracy needs economic development, literacy, a growing middle class, and political institutions that support free speech and human rights.²⁴ It needs a civic society resting on shared values that make people with different and conflicting views willing to cooperate with each other. So one can see Acemoglu and Robinson's framework of analysis does not properly deal with ideology and so does not explore the place of the forms of ideology that are part of the ultimate determinants of history.

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