John Sender and Sheila Smith. *The Development of Capitalism in Africa.* London and New York: Methuen. 1986. xii+177 pp.

This book is a powerful defence of the capitalist development in Africa. It is also a Marxist defence, rooted as it is in the realistic understanding of the concrete economic, social and political situation in the sub-Saharan lands of Africa. The authors show how post-colonial nationalistic fervour, when it fails to translate itself into effective State interventions for exploiting domestic productive initiatives, turns out to be a bad economic policy as well as a disruptive political strategy. More revealing is the fact that when populistic nationalism is combined with socialism without class analysis, as in some African countries, so that the existence of the capitalistic dynamic is denied, the socio-economic chemistry of stagnation reigns unhindered. The consequent attempt to put the blame on external factors and institutions fails to take into account a "general characteristic of Marxist methodology, concerning the relative analytical significance of internal as opposed to external forces" (p. 2). Specifically they state:

> Unlike climatic factors or US foreign policy, for example, macro-economic policy is subject to domestic control and may be influenced by domestic political intervention. In particular, . . . the adoption of policies resulting in an inadequate rate of growth of export earnings was a major determinant of poor economic performance, and that underlying the failure of some African states to formulate a coherent or effective trade strategy was a set of ideological tenets. (p. 1129).

These ideological tenets comprised the denial of gains from trade and the illusion of accumulation without imports, and held despite the evidence against the Prebisch-Singer hypothesis of secular decline in terms of trade of primary products, commodity concentration as a source of earnings instability and the relatively higher stabilizing capacity of the manufactured exports. "Besides, it is an elementary logical point that stable and declining export revenues cannot be considered preferable to the fluctuation of revenues around a rising trend" (pp. 126-127).

There is no suggestion here of opposing "the charybdis of market forces" to "the Scylla of autarchy" (p. 130). They are equally critical of the so-called Berg Report (1981) and the price-righting IMF. The latter's own research is cited as evidence of the low own-price elasticities for certain crops in the short period. Again, in the opinion of the authors, labour supply bottlenecks, especially during the peaks, migratory response to differential access to services and ineptitude in delivering critical inputs, and the short supply line of manufactured incentives goods may work effectively to undermine the incentive effect of right farmgate prices. Not only

does this approach overrate the price response, it is generally dismissive of the role of the State. According to the authors, it has thus "obscured the central issue of the quality of state-investment allocation decisions by excessive concentration on simplistic indicators of the quantity of public-sector expenditure" (p. 124). Bad-quality investment is exemplified by the oil-boom-time spree of investments, intensive in foreign exchange, with no regard for the slump-time maintenance gap in Nigeria, the relatively capital-intensive bias in Ghana, the underfunding of rural transport in Tanzania and the highly mechanized State farms in Mozambique. As the authors maintain, the issue is not whether State intervention is a vice or a virtue; it is rather "the need to maintain key macro-economic balances" (p. 125).

In an historical perspective, the book is a well-argued and documented critique of the enclave view of underdevelopment, originating with the outside-inflicted plantations of the nineteenth century and continued into the twentieth century as self-afflicted autarkies. The authors' emphasis is on "analysis of change as opposed to continuity" (p. 1).

During the colonial period, the dynamic identified by the authors entails State action leading to export growth which generates more revenue and thus further State spending to expand exports; so on and so forth. The analytical basis for this dynamic is furnished by a combination of Marxian transformation of subsistence goods into commodities and Hirschman's backward, forward and fiscal linkages. Considerable empirical evidence is presented to demonstrate that the enclave stories of the Singer and Baran variety are just that – stories. With independence, the constraints on the State, such as metropolitan pressure to discourage competing industries, were relaxed. It now possessed the potential to encourage indigenous capitalists and to develop productive forces. This indeed was the case for seven out of the eleven countries mentioned in Table 4.1 (p. 81), which by 1982 recorded investment as being more than 20 percent of the GPD. Similarly, seven out of ten countries included in Table 4.15 (p. 96) had in the same year an industry/GDP ratio of 20 percent or more and a manufacturing/GDP ratio in the 11 to 25 percent range. Again, nine out of the eleven countries in Table 4.13 (p. 94) had 20 percent or more of its labour force in the non-agricultural sector in 1980. A remarkable feature was the ability of the majority of the countries studied to achieve positive growth in GDP per capita despite the acceleration of population growth and the recessions of the seventies (Tables 4.32 & 4.33, pp. 107-108). At this point, the authors reject the viewpoint that growth may not have meant development, pointing to the generally observed high correlation between income per capita and the known development indicators.

On the above showing rests the authors' main case: "the emergence of capitalist social relations of production constitutes the central dynamic process in a wide range of African societies" (p. 128). It follows that the disaster stories – Ghana,

Mozambique, Ethiopia and Tanzania – relate to failures in discovering and nourishing the capitalistic dynamic and represent attempts to look for scapegoats without, rather than focusing on realistic macro-economic management within.

Does this imply a convergence of Marxism and neo-classical economics? Or, is there another clan that Naqvi (1985, p. 212) might have liked to add to those who "keep on carrying out nightly raids on the development economist's territory"? The structuralist Seers (1978) actually labelled the authors' school of thought as "neo-classical Marxism". We need to also remember here Joan Robinson's incisive observation that "there would be no need for socialism", had "the capitalists fully lived up to Marx's description" (1955, p. 18).

Socialism versus capitalism is a continuing debate and this review is hardly the place to indulge in it. What is important to note is that the authors make a serious attempt to separate analysis from ideology to pursue the logic of the facts. Toward this end they proceed with rare candour – and with success. Development involves costs, none of them comfortably bearable. What stands in the way of incurring these costs and ensuring growing outcomes is not externally generated blockages, but the failure to provide indigenous building blocks for accumulation and growth. The populist horror stories on other continents also bear out the broad conclusion of the authors.

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