# State and Economic Relations in Africa: A Comparative Analysis of Nigeria and Namibia

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# PERSPECTIVES ON STATE AND ECONOMY



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## STATE AND ECONOMIC RELATIONS IN AFRICA: A COMPARATIVE ANALYSIS OF NIGERIA AND NAMIBIA.

*I Idowu Johnson*



### Introduction

The reality and importance of a state in economic development should not be underestimated. It has been observed that a well organized and active state is required for a stable economy. Although Ake (1981) argued that questions such as what the state is, and how it relates to the economic system and to social classes, are very complex and rather confused. It should be noted that the state and economic relations fostered sustainable development.

While the state in developed countries like Europe grew organically out of society, the state in African societies was a conquest of external imposition. As Opello and Rosow rightly observed:

> *It is impossible to understand the development of modern states without taking into account the way European states constructed an interconnected global order by means of conquest, trade, religious conversion and diplomacy (Opello and Rosow, 1999:161).*

Similarly, while European states were keen to mark off their own frontiers, they invented for their colonies' boundaries which bore little relations to natural or social features. More than any social organization, the state is responsible for creating and sustaining the conditions without which it would have been impossible for modern civilization to develop and continues to flourish. Apart from creating a secure and orderly environment essential for human existence, it facilitates productive activities which include domestic and international commerce, provides or supports education, health services, transportation, communication, and so on (Ayeni Akeke, 2008:48).

However, considering the pathologies of African states, the economic performance has been woeful with erosion of socia services. This is because the project of African states was a product o colonialism. In colonial Africa, four projects were considered to be most urgent: the process of state building, Africa's economic development, modernization and democracy. Given the capital intensity of these processes, it was not surprising that their establishment in a colonial environment threw up many intractable problems for both the colonial state and its surrogates (Kukah, 1999: 39). In this respect, the colonial state in Africa was to become the servant of imperialism and all those metropolitan interests which owed their existence to the continuance of imperialism.

This paper examines state and economic relations in post-colonial Africa. It focuses on Nigeria and Namibia in comparative perspective. Nigeria got independence in 1960, while Namibia became an independent country in 1990. The logic of comparison is to evaluate in a critical way the performance of an old independent state and a new independent state within the context of economic relations.

**Conceptual and Theoretical Analysis**

There is no general consensus on how the state can be conceptualized. However, the state is a unique institution, standing above all other organizations in society. Grindle (1996:3) observes that the state is a set of engaging institutions for social control and authoritative decision making implementation. One way to conceptualize the state is to use Stephen Krasner (1984:224) approaches namely:

(i) the state as government, by which is meant the collective set of personnel who occupy positions of decisional authority in the polity,

(ii) the state as public bureaucracy or administrative apparatus as a coherent totality, and as an institutionalized legal order,
(iii) the state as ruling class; and
(iv) the state as normative order.

Basically, the state cannot be isolated from the use of force. In this sense, Giddens (1985:20) defines the state as a political organization whose rule is territorially ordered and which is able to mobilize the means of violence to sustain the rule. On the other hand, Harold Laski's definition sees the state and territorial society divided into government and subjects claiming within its allowed physical area, a supremacy over all institutions. He emphasized that the state is in fact the final legal depository of social will. It sets the perspective for all other organizations. The state in this sense brings within its power all forms of human activities, the control of which it deems desirable. It is moreover, the implied logic of this supremacy that whatever remains free of its control does so by its permission (Laski, as cited in Oyekanmi, 2005:157).

Similarly, government is totally different from the state. The state is more than its government. Government here refers to the administrative apparatus of the state; viz the bureaucracy i.e. the agency that formulates and executes the policies of the state. To bring out the distinction between state and government, it is imperative to note that all countries have someone who serves as head of state but that this person is not usually head of government. In short, the state defines the political community of which government is the executive branch (Hague and Harrop 2004:7). The state is permanent while government changes all the time.

Conceptualizing the state cannot be divorced from sovereignty. Therefore, in defining the state, it is necessary to unpack the concept of sovereignty. Sovereignty means legal supremacy: that is the laws of a state are supreme in its territory and are recognized by other states in the international state system. Recent discussions of sovereignty distinguish between internal and external aspects. The law-making body within the state possesses internal sovereignty: the right to make and enforce laws applying within its territory. By contrast, external sovereignty is the recognition in international law that a state possesses authority over a territory. Both the State's claim of final legal authority and territorial integrity join to create the doctrine of non-interference in the internal affairs of the nation-state (Onyeoziri, 2005:48).

Within the perspective of economy, the state is expected to be performing positive functions. This implies that the state should act to enlarge the capacity of the citizens to enjoy a more dignified life. Today, the roles of government in the economy continues to increase due for the most part to the demands by citizens on their governments to formulate and pursue policies that will sustain a peaceful and dynamic environment in which economic development can take place (Ayeni-Akeke, 2008:198).

Quite obviously, the role of the state in relation to economic performance can be linked to the concept of social welfarism. Onyeoziri explains this in very clear terms:

> *Establishing elaborate sound security systems, promoting good health, expanding educational facilities, protecting the environment, and even establishing elaborate physical infrastructures, are some of the social welfare activities of the state (Onyeoziri, 2005:51).*

From the above discussion, this paper utilizes liberalism as the theoretical justification for understanding state-economic relations. At the core of liberalism is an emphasis on the impact that ideas have on behaviour, the equality, dignity, and liberty of the individual, and the need to protect people from excessive state regulation (Kegley, 2007:25). Thus, liberalism views the individual as the seat of moral value and virtue and asserts that people should be treated as ends rather than means. Liberal theory proceeds from the premise that humankind's natural inclination is to cooperate. To this effect, progress through mutually beneficial exchanges is possible, both to increase prosperity and to enlarge individual liberty under the law.

In broader theoretical context, liberalism advocates that people, as creatures possessing the power of reason, should be ready to carry out social experimentation and innovation as a means of promoting and improving human progress and welfare. By progress, liberals mean gradual enlargement of man's collective rational capabilities to understand, harness and use the material and human resources in his surroundings in order to be able to assure ever greater control over his environment and destiny (Godwin, 1992, Heywood, 2003). The central theme in liberalism is that people should be given opportunity to participate in making decisions that affect their lives. Within the context of state-economic relations, Ayeni-Akeke noted that:

> *Liberalism ... advocates provision of equal opportunities in the form of state-supported education, welfare services, medical care and the like as means of creating a level playing ground for all to develop their talents (Ayeni - Akeke, 2008:177).*

**State and Economic Relations in Africa: An Overview**

The relationship between state and economy in Africa can only be understood within the context of development and good governance. As earlier indicated, African states are colonial enterprises. Being heavily dependent on the former colonial power for trade, investment, and even personnel to staff key governmental ministries, the newly independent African states were often constrained by export-oriented mono-crop and mono-mineral economies, low level of education among the general population, and perverse infrastructural development favoring the maintenance of external links (Schraeder, 2001:219). To be sure, colonial economic policies made African economies small, excessively open, dependent and poorly integrated. These colonial legacies were carried over to the post-independence period by African leaders who succeeded the colonial masters. In addition, African socio-economic development was modeled after the experiences of the western nations. The west emphasized modernization, meaning the massive importation of western capital and technology to stagnant societies which will launch them, or cause them to move towards self-sustained growth. The critical agent for receiving and deploying these huge inflows of resources was the state and its chief instrument the modern bureaucracy, with its preoccupation with planning, hierarchy and control (Olowu, 1995:19).

Consequently, African states came to independence with hardly any discernible vision of development and no agenda for its realization. For the vast majority of African states, the one thing new in the early years of independence was some concern for indigenizing the public service and giving the local middle class better opportunities to participate in the economy. Instead of being a public force, the state in Africa tends to be privatized, that is appropriated to the service of private interests by the dominant faction of the elite (Ake, 1996:42).

It is important to note that the actual priority given to economic development goals varies widely. Some leaders, such as Houphonest Beigny of Ivory Coast (now Cote d'Ivoire) take a pre-eminence which relegates issues of national autonomy to a subsidiary position. Others, such as Julius Nyerere of Tanzania or Kamuzu Banda of Malawi, formulated a set of policies geared to some broader concept of national development. The most important political fact about the revenues of African governments is their dependence on international trade. Unlike industrial states, which raise the greater part of their revenue from domestic economic transactions, most

African government rely on external transactions (Clapham, 1985:93). This dependence on externally generated revenues has direct political consequences. The most basic is that it becomes almost impossible for most African states to contemplate any strategy for economic development which would involve any substantial reduction in their participation in international trade.

Quite obviously, the international economy and framework favoured the dominance of the state and centralized rule. This type of centralization which has been witnessed in African countries in the decades of the 1960s to 1980s has been detrimental to Africa's economic and social development. Adekanye (2007: 139) observed that the fragility of most of Africa's states became apparent by the late 1970s, coinciding in all the cases with the onset of economic crisis. During the decade of the 1980s, meager growth rate turned into 2.2 percent annual decline in per capital income (Schraeder, 2001:228). Thus, African leaders had expanded the scope of state power without also increasing the state's capacity to use that power to create wealth. As a result, African leaders were increasingly incapable of mustering the resources to maintain the African state's unparalleled control of the economic and political systems. A corollary is that the social and economic conditions on the continent have been widely rated as the worst in the world. As Adekanye noted:

> *One common features of most 'states' in Africa today is their sheer inability to discharge most of these basic functions. An increasing number of central authorities have long ceased performing even the most elemental functions of government, such as the control of political territory, extraction of revenue, administering the affairs of state, maintenance of law and order, and guaranteeing minimum security for their inhabitants' not to mention promoting development, providing welfare, and fostering*

> *the growth of freedom, justice, and equality (Adekanye, 2007:139)*

More importantly, financial centralization in African states not only crippled development, but also handicapped the majority of the citizens in participating in economic activities. The central state collects all the most important and buoyant tax resources and makes only very little available to sub-national organs which are transferred via grants on a sporadic rather than regular and systematic basis. The result is not only waste and corruption in central level governments but inability of lower levels of government to increase or even maintain available infrastructure (Olowu, 1995:20). In the same vein, the combination of corruption and economic mismanagement in most African states fostered a severe decline in social services by the beginning of the 1990s. The intrusiveness of state-sponsored corruption further impairs the effectiveness of state control, while strengthening the spread of informal economies.

Furthermore, the decline in socio-economic reach of the African state was accompanied by the rising influence of international financial institutions, such as the International Monetary Fund (IMF) and the World Bank, in the restructuring of African economies and political systems in the image of the northern industrialized democracies. In this context, African leaders were forced to accept externally imposed reform measures, referred to as Structural Adjustment Programs (SAP) in order to obtain IMF and World Bank loans. The objective of SAP is "the roll-back of state". This implies that the fostering of economic growth had always and everywhere been a product of market forces rather than the determination of the state. It was not surprising therefore that the process of liberalization through SAP is posing entirely new sets of complex challenges to the unstable, debt-ridden, aid-dependent, and technologically backward African economies.

**Comparing State and Economic Relations in Nigeria and Namibia**

In trying to compare Nigeria and Namibia within the context of state and economic relations, it is important to examine their historical background. As Nigeria became an independent country on October 1st 1960, the political leadership has accepted the ideology of development. Although the Nigerian petty bourgeoisie now appropriated the state system, it continued to use the latter largely to articulate the local economy with the international economy. Thus, independence granted by the British government paved the way for capitalist development in Nigeria. But the development of capitalism consolidated rather than undermined foreign economic domination. On the other hand, Namibia has passed through several distinct stages from being colonized in the late nineteenth century to Namibia's independence on 21st March, 1990.

Nigeria ranks twenty fifth worldwide and first in Africa in farm output. However, agriculture has suffered from years of mismanagement, inconsistent and poorly conceived government policies. The oil boom of the 1970s led Nigeria to neglect its strong agricultural and light manufacturing bases in favor of an unhealthy dependence on crude oil (http://en.wikipedia.org/Economy of Nigeria). Although Namibia's economy is tied closely to South Africa's due to their shared history, its economy has been diversified. Namibia's economy consists primarily of mining (12.4% of the GDP in 2007), agriculture (9.5%) and manufacturing (15.4%) (http://en.wikipedia.org/wiki/Namibia). While Nigeria is declining in the productive capacity of utilizing other minerals accruing to the state, Namibia is making a positive achievement in this direction. In terms of revenue, mining is the biggest contributor to Namibia's economy, accounting for 25% of the country's income. Namibia is the fourth largest exporter of non-fuel minerals in Africa and the world's fifth largest producer of uranium.

Nigeria rejoined the category of low-income countries from the mid 1980s. According to the World Bank, Nigeria's per capita gross national product (GNP) was $260 in 1997. In recent years Nigeria's economic growth has barely kept pace with population growth, estimated at 2.8% per annum (Africa Recovery, 1999:8). For Namibia, growth in economy between 1993 and 2000 recorded an average of 4.4% per year. In 2000, gross domestic product (GDP) stood at Namibian dollars (N$) 24.1billion (US $3.5bn), implying an average income of around N$12,967 (US $1900) per person (Keulder, 2002:2). Both Nigeria and Namibia are placed in the lower middle-income countries. However, going by the income distribution, Namibia has overtaken Nigeria in terms of state and economic performance.

In addition, Nigeria and Namibia have a high unemployment rate. The two countries rolled out a number of legislative measures to alleviate poverty and unemployment. Comparing the level of seriousness on the implementation of such policy measures, Namibia is far better than Nigeria. For instance, in 2004, a labour act was passed to protect Namibian people from job discrimination stemming from pregnancy and HIV/AIDS status. In early 2010 the government tender board announced that thenceforth 100% of all unskilled and semi-skilled labour must be sourced, without exception, from within Namibia (Mongudhi, 2010).

Similarly, the Nigerian state has been privatized by successive post colonial governments; destroying basic infrastructure and pulverizing the economy (Babawale and Odukoya, 2005). Since embarking on an IMF style structural adjustment program (SAP) in 1986, after decades of economic regulation, Nigeria had sunk into the cesspool of poverty and attained the rank of the 13th poorest nation on earth. The effect of SAP is aptly captured by Ake:

> *The poor have suffered from the high rate of inflation as well as from other conditions; the fall in real wages among urban workers; the collapse of infrastructure, including water supply,*

> *electricity, and transportation; the new commitment to cost recovery in education, health care, and city council services; and general decline in welfare indicators such as adult literacy rate and primary school enrollment (Ake, 1996;87).*

On the other hand, government finance and fiscal policy in Namibia is more proactive. Since independence, the government's main policies have been aimed at achieving sustainable economic growth and a real increase in income per head. It has refrained from any major state intervention, aiming to promote sustainable development by facilitating foreign direct investment inflows into priority sector-natural resource value added, non-traditional manufacturing and tourism.

In the same vein, Namibia is the only country in the world to specifically address conservation and protection of natural resources in its constitution (http://en.wikipedia.org/wiki/Namibia). One of the fastest growing areas of economic development in Namibia is the growth of wildlife conservancies. These conservancies are particularly important to the rural generally unemployed population.

More importantly, state and economic relations cannot be understood outside politics. Given the nature of Nigerian politics, there has always been the use of violence or the threat of violence within and between parties and candidates. The ultimate prize is the capture and retention of political power at all costs. Nigeria is a good example of a society where a weak state has created multiple crisis of the national question, the crisis of internal security, and even the crisis of democracy (Onyeoziri, 2005:29). Even more pertinent is that the state proved incapable of regulating factional competition for money within the context of politics, since the state was itself the major source of money and political competition. Thus, the people no longer believe that they can influence the political system as a result of apathy and alienation. To the extent that Nigerian politicians are now seen as self-serving individuals. This decay in the political system coupled with the bitting effects of the market reforms which started in 1986 under SAP program, and which received further impetus with the advent of the Obasanjo regime, has aggravated the problem of inflation, leading to a rising price regime, which has caught up with rents, food prices, transportation, and the general cost of living; thus informing the reciprocal demands for monetary compensation by the electorate as a precondition for exercising their franchise (Babawale and Odukoya, 2005:23). It is therefore not surprising that the project of democracy via state and economic relations is negative in Nigeria.

On the contrary, democracy is what Namibians have known since independence, and it continues to find substantial support in Namibia. For all practical purposes, Namibia is a single-party dominant system. The situation is such that all the other parties in the system amount to a half-party for all their effectiveness in getting votes. The party system is well institutionalized and the various parties' shares of votes are usually fairly stable from one election to the next (Keulder, 2002:2). In 2008, Namibia ranked 6th on the Ibrahim Index of African Governance, out of 48 sub-Saharan African countries (including Nigeria). The Ibrahim Index is a comprehensive measure of African governance, based on a number of different variables which reflect the success with which governments deliver essential political goods to its citizens (http://en.wikipedia.org /wiki/Namibia). Namibia also ranks 3rd near the top of table in African governance measure by the World Bank Governance Matters VII Index. In past *Afrobarometer* surveys Namibia has been remarkable in that the supply of democracy, that is the satisfaction with performance, seems to exceed the demand from respondents for democratic behaviours by the state actors. Unlike older independent countries like Nigeria which underwent military dictatorships for many years and are now trying to consolidate democracy vigorously, Namibians have no negative experiences since independence to traumatize the population and hamper democratic growth (Afrobarometer Briefings, 2009).

It is clear from the foregoing that state and economic relations differ in Nigeria and Namibia. While it is true that post-colonial Nigerian state has been seized by greedy political elites in capital accumulation, the Namibian experience shows that the elites and the citizens do value democracy and are consolidating these values under the practical experiences of political life and economic performance. In spite of the fact that Nigeria helped Namibia to secure independence, Namibia has left Nigeria behind within the context of state and economic relations. This can be explained from two stand points. First, Namibian independence was fought for and the government in power is highly trusted. Second, Namibians believe the political system is responsive to their needs. This contrasts with Nigeria where independence was negotiated.

## Conclusion

The essence of comparing Nigeria and Namibia interm of state and econômic relations is to strengthen the state in carrying out socio-economic transformation. The positive development in Namibia demonstrates that an African state is capable of exercising a high degree of control in establishing the pattern of its linkages with economy. However, in order to overcome multiple crises, Africa should place the issue of building a capable state at the top of its political agenda. The institutionalization of the state in Africa through welfare programs can shape the pattern of foreign capital to fit to the needs of the national economy. If the state in Africa can give priority by improving economic conditions of the poor, supervise the badly democracy and energize the civil society, it becomes relevant in the face of its citizens.

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