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> "The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists." *Joan Robinson*

HOLISTIC MODEL-AFRICAN RENAISSANCE

- Resource Based Development &Human Power
- Organic Growth/ from bottom upwards
- Science & Technology/Innovation
- Entrepreneurship
- Finance & Money
- Institution/The Role of Government
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Introduction

On the 17th and 18th of March this year, the G-20 Finance Ministers and Central Bank Governors met in Baden-Baden, in south Germany and discussed, among other things, Africa and how to create a favorable atmosphere for foreign investments in various African countries. The initiative came from the German government that hosted the conference. Accordingly, the G-20 finance ministers "acknowledged their responsibility" to combine forces "to tackle" the economic crises that many African countries were facing. This kind of initiative is good for many African countries so long as the policy makers and the policy itself can address the burning issues that the countries are confronted with. However, in order to get rid of the problems that these countries are facing, the aim of the policy and its theoretical and philosophical foundations must be known. It is clear to anybody that, without theory, there cannot be any praxis. If one looks at the document that was produced and presented to the conference and those institutions that were assigned to formulate a framework that serves as a guideline for investment, one cannot know, however, the framework's scientific and theoretical basis.

The two institutions, the IMF and the World Bank, as a matter of fact, do not have good records in dealing with Africa's economic crises. Over the last nearly 50 years, these two institutions have formulated the economic policies of many African countries and dictated the governments how to implement the policies. Since political independence, many African countries have not been allowed to formulate their own economic and social policies reflecting the real situations that exist on the ground. Neither were there debates about the merits and demerits of the economic policies imposed by these institutions. Intellectuals of the effected African countries did not have the chance to discuss and debate the policy issues that would touch the lives of millions of Africans. While West European countries, including Japan and South Korea, formulated and implemented their own economic policies without foreign interventions, African countries were not given the same opportunity. The political and military construction after the Second World War helped many West European countries, also including Japan and

South Korea, reorganize their societies and build their economies on firm foundations, for various reasons, African countries did not get the same kind help. Though these African countries became nominally independent, they were compelled to pursue the old division of labor that had first thrown them into weak position. Until today, all economic policies have been imposed by the Bretton Woods institutions and the international community. As shown by studies and, more importantly, the realities on the ground,(Bandow & Vásquez, 1994) all those economic policies that were implemented as prescribed by the Bretton Woods institutions did not solve the economic and social problems of the continent. Rather, the economic policies inflicted heavy damages to African societies. Instead of a coherent, integrated, and dynamic economic and social system, we observe fragmented economic structures that could not raise the living standards of the majority of the people in these countries. The policies as such did not have the capacity to create true national wealth with multiplier effects. Therefore, the various policies of the last 50 years rather deepened the economic and social crises of many African countries. Still today, many African countries are dependent for their income on one or two exportable commodities. Most of the commodities are exported without being processed.

In the year 2017, African countries are still not allowed to formulate their own economic and social policies. As if they are not independent, they must accept and implement again and again the policy prescriptions of the IMF and the World Bank. This time too, the continent and its people should not expect something fruitful that can address their abject situations. The fact that the African Development Bank could participate this time to formulate a policy document does not imply that the Bank has a say in bringing its own version of economic policy—one that really analyzes and impacts the economic and social crises of the continent. Since the African Development Bank itself advances the same ideology as the IMF and the World Bank, the disparate African people should not expect something new. From this vantage point, let's look at the merits and demerits of the document that was prepared by the International Monetary Fund, the World Bank, and the African Development Bank.

Problem of Identifying the Causes of the Crises!

The three institutions that were assigned to write the document focused on three major areas, namely, (i) the Macroeconomic Framework (ii) the Business Framework, and (iii) the Financing Framework. From the document, it is not clear whether or not these three frameworks are the main causes of the African predicaments. At the same time, one cannot determine whether or not these three frameworks are the solutions to the burning issues that millions of Africans face on the continent. Therefore, it is not clear that these three frameworks are solutions or causes of the continents' economic and social crises. On the other side, the document asserts that growth in many African countries has weakened since 2014. This implies, however, that before 2014, many African countries were in good positions. However, the economy that was "stable" until 2014 fell apart like a house that is constructed on sand; the growth that these two institutions and the international community proclaim is not based on science and technology. Until today, many African countries have not had integrated economic and social structures based on broader manufacturing activities. Therefore, it is not surprising if the economy cannot regenerate itself and create conducive atmosphere for those millions of Africans that desperately search for job opportunities with reasonable wages to guarantee their livelihoods.

If one studies, point by point, these three main frameworks, it is very difficult to understand whether these three aspects could be instruments of economic policies by which one could tackle the crises of the continent. The other point what one could ask is, do such kinds of problems exist as the three institutions believe, or do the problems of the continent lay elsewhere?

From the point of view of any society and the problem it faces, if one wants to solve those identified problems, one must understand their causes before formulating an economic policy to solve them. Not only to any educated person, even to any layman, any society is complex, and, as such, has different aspects that are interwoven with each other that must be studied well. It is therefore very important to scrutinize the three frameworks to see whether they exist in the form as believed by the IMF, the World Bank, and the African Development Bank.

Let's begin with the concept of macroeconomic parameters. When the IMF and the World Bank, or, for that matter, the international community, repeatedly talk about macroeconomic policies, or macroeconomic framework, what do they mean? Do they mean that the macroeconomic framework exists in various African counties? And what are the constituent elements of such a macroeconomic framework? Do the different parts of the macro economy exist in many African countries, like in the Western capitalist countries? Can this concept be used as an instrument of economic analysis everywhere irrespective of the differences of the economic and social structures that exist between countries? What does the concept macroeconomics mean? These and other concepts must be answered before we come to the real problems of the African continent.

It is not new that the IMF and the World Bank have been using the concept "macroeconomics" since time immemorial. On the phenomenal level, the concept of macroeconomics deals with the general performance of a given economy. As such, the concept has various categories on a phenomenal level. These are the unemployment and employment levels of a given economy, general inflation, money and capital market, balance of payments, labor market and others, general output, and aggregate level of consumption. (Gordon, 2000) The word "macro" drives from the Greek, and means "large." On the other hand, independent producers and households serve as the foundation of macroeconomics. In other words, microeconomics is the foundation of macroeconomics. In turn, the ideological basis of micro and macroeconomics is neoclassical, or neo-liberal, theory. This means there must be microeconomic structures that operate independently in any given country, and households that deliver workforces to the production sector. The competitive nature of these independently producing micro sectors and their organizational structures determine the level of employment and the wages that workers earn per hour. In other words, the buying power of the workers depends on the organizational structures, the degree of the technological development, the productivity of each firm, and, generally-seen, the interconnectedness of all the economic sectors with each other. From this perspective, the concept of macroeconomics does not tell us about the internal organization and structure of a given economy—the degree of technological development. Neither does it tell us whether a given economy operates on the basis of science and technology, and broad manufacturing activities that are based on vast division of labor. If we analyze the concept further, it does not tell us the production relations that exist in any given country, or other aspects, like the existence of efficient institutions, the existence of well-organized cities and villages, and whether the various parts of a given country are interlinked to each other by various types of transportation systems. From this vantage point, the concept of macroeconomics, as has been used and applied as policy instruments by the IMF and the World Bank, does not tell us whether a given country possesses broad and transparent market structures that are organized on a clear-cut division of labor across a given country.

When the IMF and the World Bank propagate and insist that every country should apply macroeconomics policy, they simply assume that every country possesses macroeconomics structures. As a matter of fact, many African and other Third World countries do not have integrated and dynamic economic structures resembling those of highly-developed capitalist countries. However, if we accept the concept of macroeconomics, it can only apply to those highly-developed capitalist economies that operate on the basis of science and technology, and that have well-organized market structures across their country. Being as this is the case, the economies of many capitalist societies are oligopolistic, while small and medium size firms produce spare parts of various types for larger firms that operate on a global scale. These large companies are vertically and horizontally organized and interlinked and have hundreds of thousands of workers across many countries, and the big banks and insurance companies dominate most of these capitalist societies. This means the concept of macroeconomics cannot analyze the true nature of the capitalistic production and reproduction systems. Neither does it tell us the inner logic of the system. Therefore, the concept of macroeconomics cannot incorporate all the social and historical processes capitalism has gone through. However, from the perspective of the IMF and the World Bank, capitalism is not the outcome of historical and social processes, but rather it is fallen from above like manna. The problem we have here is that the forces that advocate neoliberalism, and hence, macroeconomics, do not want to think in terms of social, historical, and cultural processes. According to their beliefs, there are no other alternative theories and policies that can serve as guideline to tackle the existing economic and social problems of the said African countries other than applying macroeconomics policy instruments. Like in the Middle Ages, when the Catholic religion dominated as the only accepted belief, and when, at that time, critical-minded persons were chased and harassed, in this time too, those who oppose neoliberalism and try to present an alternative theory or policy are not welcome. Even those who pretend they oppose neoliberalism, when Africans present alternative ideas to them or argue differently, these ideas are not accepted or are mistrusted. Poor Dante, and all the Renaissance men and up to the German philosophers, thinkers and poets that made great efforts to shape the human mind so that it might become self-reflective; it is sad when their efforts remain in vain. Those forces that advance the neo-liberal ideology and struggle to convert the world into a neoliberal supermarket for the sake of power and profit are fighting against these humanistic values and ethical standards that were developed by those great European thinkers of the 14th century up to the 19th century.

If we want to apply the macroeconomic policies to the backward economic and social conditions that exist in many African countries, we will soon realize that the various features of macroeconomics policies do not, in fact, exist like in the capitalist economies that operate on high scientific and technological levels. Generally seen, the economies of these African countries are characterized by scattered activities that operate independently without clear-cut divisions of labor. As such, the market structures of these African countries are not transparent. The subsistence and the informal sectors are the main reproduction base of many African societies, and because of the very low level of technological development, they can neither generate national wealth nor do produce surplus products that can help them expand their economic activities by introducing better technologies. Because of this bottleneck, they remain condemned to produce with the same kinds of backward technologies year after year. The two aspects are byproducts of global capitalism that penetrated many African countries at the end of the 19th century, expanded throughout the 20th century, and determined these countries' economic structures. Without altering or revolutionizing the production relations and the production systems, the penetration of capitalism will continue to perpetuate underdevelopment and poverty. Therefore, the system is being manifested more as a monetary phenomenon rather than as a commodity production on the basis of wage labor and manufacturing activity.

Such a system of production activity that we observe in many African countries lacks all the necessary attributes of capitalism as practiced in many highly-developed capitalist societies. Simultaneously, the system has compelled many African countries to specialize in cash crop production while neglecting cereal production for self-consumption. Since the beginning of the 90s, many African countries, especially East African countries, have limited their activities to flower and sugar cane plantations. In this way, global capitalism has converted many African countries into plantation economies by deforming the attitudes of the people and changing them into ordinary workers without any rights to bargain regarding their work conditions or wages. This new plantation economy is part and parcel of the world capitalist accumulation process, which enriches the west while perpetuating underdevelopment in the plantation economy countries. As such, this kind of capitalistic infiltration into the African economy is, by itself, the main cause of underdevelopment and widespread poverty across these African countries. This means that instead of raising the consciousness of the African people and improving their lives, capitalism has destroyed their thinking capacities. Instead of making them creative and achievement-oriented, it has made them dormant. Accordingly, the macroeconomic policies of the IMF and the World Bank that become instrumental of expanding plantation economy across many African countries have created chaotic conditions in these countries. By wrongly advising various African governments to apply macroeconomic policies, the IMF and the World Bank have prevented the countries and their governments from introducing systematic industrialization based on manufacturing activities. The pressure and aggressive behavior of the international community and its institutions has confused the African governments and the academic community and dissuaded them from choosing the right policies, those that are able to cope with the economic and social crises that millions of Africans face.

With this, the so-called import substitution industrialization was installed in many African countries in the 1950s and 60s for the production of consumer goods for the new social class, pushing millions of Africans from rural areas to cities in search of job opportunities. Unable to absorb the growing workforce, this reserve army was forced to engage itself in informal economic activities that were completely detached from the so-called modern sector.

Since then, cash crop activities have spread into many African countries and the extractions of mineral resources have characterized the features of many African societies. Here too we observe how capitalistic infiltration in many African countries that is manifested in the form of import substitution industrialization has corrupted the entire production system of many African countries. By introducing artificial needs, like the production of Coca Cola, sugar, cakes, cigarettes, and other consumer goods that do not fulfil the basic needs of the masses, the production potential of many African countries has been practically destroyed. Instead of advising African governments to concentrate more on the production of necessary basic needs that are essential for human life, systematic city buildings, systematic cultivation of handicraft activities, and building small and medium size industries that can grow organically, experts from the west have advised African governments to focus on import substitution industrialization that cannot expand vertically or horizontally. Such kinds of productive activities that exist side-by-side with subsistence and informal sectors hinder the transformation of the economy to a macro economy like that of the capitalist west. In other words, the systems cannot be transformed to that of capitalism that is manifested in pure commodity production, which is interlinked with money and operates on the basis of wage labor, science, and technology. Because the capitalist economy in every European country is associated with broad and transparent market economic structures, and since these systems need well-organized cities and villages for the production and reproduction of commodity production on a higher scale, the market economy that has been applied in many African countries is unable to create such kinds of structures.

As shown above, the African economies do not possess all the necessary aspects of a macro economy. Many African countries do not have integrated market structures. The majority of African people is employed in subsistence and informal sectors, and earns very low income that does not allow them to afford all their necessary basic needs.

If we try to understand the other two frameworks, it is not clear what the IMF, the World Bank, and the African Development Bank are trying to claim. Let's try to scrutinize the concept "Business Framework" to see whether it makes any sense and serves as point of analysis to understand the problem of the African economies. First of all, the word "business" implies nothing else than simple trading activity without production activity. In other words, the three institutions want to create an atmosphere for more business activity rather than expanding production activities on the basis of broad manufacturing activities. This means the three institutions are not interested in creating a suitable atmosphere for the development of a coherent internal market based on diversified economic activities interlinked to each other so that the reproduction base of each particular society rises in scope and quality. If one understands the intention of the three institutions, one will understand that they create impossible situations from the outset so that countries that accept the compact programs cannot develop organically and holistically; thus, these countries will have difficulty developing new technologies that can create job opportunities for the majority of their people. However, the problem in many African countries is not broadening business activities but rather stimulating production activities by introducing small and medium size industries that produce a variety of products that the people actually need and can afford. In this case, what must come first is not stimulating of business activity but of production activity that can serve as the basis of an ever-growing business activity. As a matter of fact, without production, there cannot be trading activity. It seems that the three institutions confuse between cause and effect.

Let's come to the financial framework. Like the business framework, we remain here too in darkness. As a matter of fact, finance depends on the development of money circulation in a given economy and the degree of its velocity. As such, the problem in many African countries is not finance; the problem lies elsewhere. Because the economies of many African countries depend on subsistence production and the informal sector, the velocity and the strength of money is hampered. These two sectors hinder the transformation of money into money capital, which can serve as a source of investment. Many African countries do not lack money, what they lack is organized production activities on a clear-cut division of labor. In addition to this, wealthy people and the political elite that are integrated into the capitalist market spend their money on consumer goods that are imported from capitalist and Asian countries. These factors corrupt the development of an internal market in these African countries, and hence, the circulation of money from money holders to the production sectors. This means that, as the velocity of money is very low, and those people engaged in production activities do not receive the necessary financial resources, they cannot expand their production activities and upgrade technologies. In addition, the very low income base of the majority of the people, and their dependence on the subsistence and informal sectors hampers the development of a money economy that is based on real commodity production.

Money as a means of financing investments confuses many African governments. Many African governments think and believe that they cannot develop their economies without the Dollar and the Euro. They believe that their money is worthless, and hence, cannot serve as a means of finance capital to finance investments. The problem in many African countries is that, like that of the production sector, the concept of money is misunderstood and corrupted. The infiltration of capitalism into African societies has destroyed the slow and organic growth of the money economy that is based on expanded accumulation. Hence, the different metamorphoses of money cannot grow and manifest like in the capitalist economies that developed from a commodity form into fiat money as we experience today.

Today, the Dollar and the Euro are simple paper monies without intrinsic values. The fact that they have become international trading and reserve currencies confuse many Third World governments, especially African governments that they cannot develop their own economies without the Dollar and the Euro. This misunderstanding of money can be eliminated when each African country alters its production activity and introduces an economic system that is solely financed by creating credit mechanisms. With this, each African government will be in a position to control the movements of foreign currencies and allocate them only for the importation of machines and other essential goods that are needed by the majority of the people; the problem of money will be overcome. This means that African countries do not need any kind of help or credit from capitalist governments or the capital market.

From this perspective, the financial framework used by the three institutions must be understood differently so that the causes of the African economic crises can be analyzed step by step. As mentioned above, as long as one cannot understand the real causes of the African economic crises, which are structural and endemic by nature, one cannot work out a plan that addresses the fundamental problems faced by the African people.

The Real Causes of African Economic Crises!

Why do the three institutions misidentify the economic and social crises in many African countries? In social science, there are different schools of thought to understand and analyze the social formations and economic relationships of a given country. According to the way different scholars are brought up and their inclination towards a particular value system, they perceive and interpret social conditions differently. Hence, there are two ways of apprehending social realities: one is the essentialist method, and the other is the empiricist method. The difference is that essentialists apprehend all aspects that govern a given society. Therefore, they try to understand and analyze the logical structure of a given social condition by examining the constituent parts of a given social reality, like politics, society, culture, and economic aspects. Since all these parts are interwoven, they influence one another. Therefore, the entire system is analyzed in its totality.

The empiricists, on the other hand, focus on the phenomenal aspect of "social realties" by excluding cultural, political, and social aspects that govern a given society. For empiricists, power and economic relationships are not known, and therefore, they are not objects of analysis. According to empiricists, social and historical processes play no role in shaping the human mind. Empiricists believe that everything is given and no alteration through times is possible. Thus, societies are considered static rather than dynamic processes. From this perspective, they try to construct their theories and draw models that are detached from realities. In many cases, they overlook social realities, and therefore, poverty, hunger, and the lack of basic needs, which are not considered arenas of scientific investigation. This kind of approach is the main source of confusion that drives many societies into catastrophic conditions. As such, empiricism overshadows the thinking and abstraction capacities of individuals, and makes individuals not able to see things beyond "perceived realities." Hence, they are condemned not to search for the real causes of social realties that prevail in each society. Though things on the ground are unbearable and are not conducive to human life, the majority of the people think that such kinds of conditions are God-given, and cannot be altered by human imagination. All things that what one sees on the ground, they believe, can only be solved by market forces and if each individual pursues their own egoistic interest. From the empiricists' point of view, economics is seen independently, and as such, it has its own "rules." Economics must be understood as an end in itself and not as a means to solve human problems.

However, both Heinrich Pesch, and Georgescu-Roegen in their books, "The Teaching of National Economic," and "Analytical Economics," respectively, insist that the primary objective of economic activity is the self-preservation of the human species. (Pesch, 1921, Georgescu-Roegen, 1966) Contrary to this, empiricists, or positivists, preach that everything must be left to market forces and that governments should not interfere in the market processes. Otherwise, market forces will be forced to leave the market. This is the empiricist, or positivist, way of thinking that dominates the world and has become the causes of underdevelopment, inequality, injustice, mass poverty, and all kinds of conflicts, including wars. Since many African governments apply economic policies that are based on this school of thought, they inevitably create chaotic conditions. Governments that are compelled to apply an empiricist economic policy by shifting resources through various policy instruments to a few people are destroying human and natural resources. In other words, human and natural resources cannot be allocated to generate real social or national wealth.

Depending on the degree of the social systems that prevail in different countries, all societies, more or less, have different parts that hold the entire system together. These are political, economic, social, cultural, and among other value systems. The efficient or inefficient organization of a given society depends on the political and state systems that exist in the country. Since political and state systems do not fall from above, historical, cultural, social and intellectual process that the country has passed through determine the organizational nature of these systems. Likewise, the manifestations of intellectual and social movements determine whether the state is democratic or non-democratic. In other words, societies that have not experienced deep-rooted social and intellectual movements, and state systems that are not confronted by scientific debates will have difficulties understanding their roles and meaning. Societies that have experienced different phases of modernization will inevitably have positive impacts on the minds of the political and social elite. When this is the case, the political and economic elite understand their role in organizing society so that democratic value systems slowly expand and engulf the minds of certain groups. However, the processes of democratization and the emancipation of the state from old value systems depend on the social consciousness of certain groups that can develop from below. In addition to this, the industrial and technological changes that have become common aspects in the most advanced capitalist countries can emancipate the masses so that they can challenge suppression from the state and from those groups that control the economic system. In other words, the social differentiation that is being induced by industrialization and technological transformation has positive impacts in shaping the minds of individuals. That does not, however, mean that each individual can understand himself and his role in his society. Since social systems are complex and different groups fight to exert their interests on the political system, the group that is economically strong can influence the economic and social policies of the capitalist state. Thus, there is an ongoing struggle in all areas.

Undoubtedly the Renaissance, Reformation, and Enlightenment played decisive roles in shaping the political and state systems in Western Europe. Such processes and the introduction of mercantilist economic policies of the 16th and the 17th centuries had positive impacts on the emancipation processes of Western European societies. With this, the process of industrialization and technological changes compelled state systems to modernize themselves so as to support the new accumulation process that was instigated by the processes of capitalistic production and reproduction.

When we study the emancipation process in Western Europe, the rationalization of the mind is geared more towards economic activities. The systems of production and reproduction that developed over the last one hundred years could eliminate other human attributes, like humanism and intuition. Because the humanistic movement was defeated, the inevitable result was the colonization and subjugation of other nations so that they became producers of cash crops. Thus, the rationalization process in Western capitalist countries that had started in the 15th centuries had to undergo different phases of development to reach the present stage. This is why we see and experience a system full of contradictions. In the era of globalization and neoliberalism, the economic elite that dominate the world economy try to keep things unchanged. As such, the political and the state systems in many capitalist countries, though they hold the society together by a welfare system, advance the interests of the oligopolistic class. Against this backdrop, many African countries will have difficulties confronting such a system and sitting together with the representatives of the governments and regional organizations like the EU to discuss economic issues as equal partners. In fact, African governments must accept the decisions of the international community and the Bretton Woods institutions.

When we come to African countries, things are entirely different. Because the historical and social processes of many African countries were disrupted by slavery and colonialism, political and state systems could not evolve or develop like that of Western capitalist countries. During the colonial time, foreign forces did everything to corrupt the minds of the elite. Schools systems were organized so that enlightened elite could not be produced. After political independence, many African countries did not have the chance to formulate new curriculum that reflected the social realties of the country to be taken as a guideline for holistic development. Those political leaders who tried to go their own ways and attempted to industrialize their countries were not welcome, and in the worst case, they were forced out of office by coup d'états.

Being that this is the case, many African states and the political system cannot be stable. Every time African governments have attempted to stabilize, foreign forces have destabilized them and installed forces that were favorable to their own strategies. Under this atmosphere, it is practically impossible to formulate an independent economic and social policy that can tackle the problems on the ground. Globalization of the 1990s worsened this situation, and many African governments were compelled to militarize the state apparatus in the name of fighting terrorism rather than modernizing the political and economic system, giving rise to dictatorships across many African countries and the lack of good governance. In other words, present-day dictatorships, civilian or military, in many African countries are a byproduct of global capitalism. It is not that African leaders are dictators by nature, but the production and reproduction systems of global capitalism and its ideology have compelled many African leaders to behave in this way.

Global capitalism has also corrupted the minds of the academic class. Such an academic class is no longer in a position to enlighten the masses so that they can struggle for social transformation and technological changes. Therefore, instead of advancing the interests of their countries and their people, many African governments are pursuing economic policies that perpetuate underdevelopment and produce poverty. The negative side of such a policy is the emergence of chaotic situations across many African countries and looting of their mineral resources. African governments in collaboration with foreign companies and other forces steal the resources of their countries and ship them to foreign countries. Even from this perspective, the IMF, the World Bank, and the African Development Bank cannot see this as one of the factors for the economic and social crises that prevail in many African countries. In their eyes, political and state reforms are not necessary. These two aspects must be accepted as facts, and as such, they cannot be points of debates or analysis. Nor are they considered one of the causes of poverty and deep-rooted underdevelopment.

The political history of Europe teaches us, however, a different story. Without genuine freedom that can free the minds of the individuals, there cannot be real economic and social development. From Friedrich Schiller to Wilhelm Humboldt and others who shaped the minds of the political elite of Germany and other Western European countries, we learn that true freedom is the only driving force of real human social and economic progress. States that do not guarantee true freedom and instead suppress their societies prolong the misery of their own people. According to Wilhelm Humboldt, who formulated the general education system for Germany and was a pathbreaker of true German civilization, every state has only one function: to secure freedom and protect its people from outside intervention that can obstruct true development. (Humboldt, 1792) Many African countries cannot guarantee true freedom and security for their people. Since they themselves are the victims of global capitalism, they must hold their people where they are. The people of Africa then remain in darkness and poverty.

From this vantage point, it is not hard to understand the economic, social, religious, ethnic, cultural, and political crises that prevail in many African countries. These crises are the products of misconceived economic and social policies, which consist more of ideology than solutions for the real conditions that prevail on the ground. All economic policies initiating political independence were introduced and implemented in the name of a market economy. The macroeconomic policies of the international institutes, which are also supported and advanced by the Economic Commission for Africa and the African Development Bank, can't help the African people come out of poverty. These policies have the sole purpose of cementing existing social inequalities while enriching the wealthy.

In addition to this, the various policies create a situation in which resources are exported from Africa. African governments collaborate with multinational companies to plunder the resources of the continent. In his book, "The Looting Machine," Tom Burgis (Burgis, 2015) shows how this plundering occurs. Through unequal exchange, the continent loses billions of dollars every year. Add the import of luxury products for the well-to-do class and capital flight, and the continent becomes impoverished. Besides these factors, those African countries that are heavily indebted pay compound interest rates when their debts are being scheduled. Therefore, the macroeconomic policies applied to these African countries have two negative effects. While they foster inequality and unequal development from within the country, on the international level, the development gap between developed capitalist countries and Africa is also widened. At the same time, the social class that becomes rich distances itself from the masses while serving the interests of the capitalist west. In this sense, it becomes socially, politically, culturally, and ecologically unaware. To use Andre Gunder Frank's terminology, instead of a cultivated class that is industrious, such a center periphery relationship produces a lumpen bourgeoisie. (Frank, 1972)

If we examine the various economic policies that were applied in the name of market economy since the 1950s, starting from import-substitution industrialization and the Basic Needs Program, to the Green Revolution and the so-called Structural Adjustment Programs (SAPs) of the 1980s, all these policies were formulated to confuse the African political and economic elite. If we examine the programs point by point, none have the ability to solve the basic needs problem of the African people. The first and fundamental aspect of any economic policy is to provide the population with their basic needs. Providing foods of all types that contain minerals, vitamins, and proteins must be the priority of any kind of economic policy. Clean water, housing for shelter, health care facilities, and proper education that can elevate the thinking capacity of the population must also be prioritized by the government. The next step is to systematically build cities and villages so that people can come together and live. Without properly organized cities and villages, it is not possible to create conducive atmosphere for creative activities or industry. As a matter of fact, all villages and cities must be interlinked by transportation systems so that the movement of man power, goods, and capital can easily be facilitated. In short, any country must be organized according to certain rules and logics so that a dynamic and creative society can develop.

Unfortunately, all the programs of the IMF, the World Bank, and the international community cannot address these issues, which every country needs to do if it is to develop as a nation-state and give a sense of living to its people. Instead, African governments were and still are advised to implement economic policies that cannot create true national wealth and that disperse their energy and weaken them. The economic policies of the IMF and the World Bank were and are not designed to make the African continent self-sufficient. Neither were the policies planned to introduce scientific and technological revolution in the continent by laying the necessary foundation like research and development centers. It is well known that after the application of these programs, the continent could not advance on the path of science and technology. No single African country was able to develop a coherent and integrated market economy on the basis of manufacturing activities and the expanded division of labor. In short, the IMF, World Bank, and global capitalism are the main causes of African underdevelopment. The continent is the most tortured of all the continents across the globe. As long as Africa is not free from this kind of bondage, there cannot be genuine development. From this perspective, the "Compact with Africa" won't make things better this time. Now let's look over the contents of the program and examine whether or not they can help each participating country develop an internal market on the basis of manufacturing activities and the expanded division of labor.

What Kinds of Investments, Why, and For and To Whom?

The funny thing about the "Compact with Africa" program is it is formulated by the same institutions that perpetuate underdevelopment and poverty in the continent. One cannot go to a doctor who repeatedly prescribes the wrong medication to his patients, worsening their illnesses instead of curing them.

The program focuses on two main aspects, namely, infrastructure and foreign investment. In page 6 of the program, it is stated that the parties will discuss a "stable macroeconomic framework." As I have showed above, many African countries do not have an integrated and well-developed internal market. As such, all the necessary macroeconomic elements are either in their infancies or do not exist. As long as the necessary elements do not exist, it is unscientific to talk about things that do not exist. In other words, there is nothing to be stabilized; instead, what the participating countries need is real development on all sides so that they can develop an internal market that is transparent and manageable. Therefore, in an atmosphere of very chaotic conditions, what one needs is systematic organization so that real division of labor can develop. Unfortunately, the compact program does not address this issue, instead starting from something that is practically absent.

If we look at the two aspects of the program closely, they are designed mainly to attract so-called foreign investors and not to develop the participating countries. The planners speak generally about the need of developing infrastructure without specifying this aspect point by point. As a matter of fact, infrastructure consists of many things. But from the perspective of the planners, what is important is roads for foreign investors. From the scientific point of view, however, and especially from the perspective of the African continent, the continent needs basic, comprehensive infrastructure. This includes the development of cities and villages, institutions to mobilize human and natural resources for holistic development purposes like sanitations, roads, rail roads, public transportation, clean water, land management and agriculture, schools of all types, health centers (including alternative medicine), vocational schools, research and development centers, sport and recreation centers, and theater and drama centers, among other developments. All these are vital for the development of a given society and are not within the scope of the infrastructure program from the "***Compact with Africa.***" The supposed infrastructure that the three institutions suggest will not help any African country to develop as a coherent and proud nation.

Therefore, the plan is worthless. African countries can develop by making special agreements with countries that have experience in developing cities and infrastructure and truly want to see a developed Africa. This can only happen on bilateral basis without the involvement of international institutions. What African countries need are railroad systems, trams for cities and villages, subways for big cities and their surroundings, and the development of well-designed cities and villages that can serve as living environments for their people. Since the planners work from the perspective of private investment that generates profit, all the aforementioned aspects are not within the framework of the institutions. Therefore, the meanings of societies and social systems are not mentioned in the plan. As a matter of fact, though every country is made up of individuals, they are social beings, and as such, every country must also be approached as a society that requires all the attributes for the entire system to function like our body.(Reinert, 1999)

When we come to the other aspect, the type of investments and their outcomes are not clear. It is well-known that foreign investors come to Africa not to develop it, but in search of cheap labor, raw materials, and possibly a market to the elite. If foreign investors invest, the products are mainly for foreign markets; they are not produced to meet the needs of the majority of the people. It is well known that it is very hard to sell products in invested countries where the buying power of the majority of the people is very low. Indeed, foreign investors only invest in those products where they can earn profit. Such investments that are undertaken by foreign investors do not follow the necessary steps of investments. Foreign investors do not have any intention to help a given country to develop organically by following the necessary investment activities. Therefore they do not enlarge their investment activities and introduce new technologies to save production cost. As the investors do not specialize in research and development and do not perform experiments, their investments do not help the continent develop its science and technology. Nor is competition possible, which could trigger further developments and force private investors to introduce new technologies. Because of the nature of investments and as experiences show, foreign-induced investments does not develop the necessary linkage effects, including backward linkage, forward linkage, consumption, and fiscal linkages. In the absence of such linkages, and in the absence of internal competition, countries that are already part of the program cannot develop an internal market. In this case, the installed industries cannot create adequate job opportunities for those who seek jobs.

The other aspect to be considered is that these kinds of foreign-supported investments cannot develop relations with the banking sector. When industries do not take credit from the internal banking sector, and if they transfer the profit to their homeland, the velocity of money will be hampered and the existing money cannot be transferred into finance capital. This will automatically hinder the development of capitalism. Foreign investors have developed different mechanisms to make the costs of production high so that they do not pay income taxes on profit. Such transfer price mechanisms are very difficult to detect, and they are the sources of hidden wealth transfer from underdeveloped countries to the capitalist west.

From this perspective, the Compact with Africa is not a new development agenda that can help the African continent develop fully on all sides. It is rather a new neo-colonial scheme with the aim of controlling the resources of the continent, including land. Like in other countries where multinational companies are engaged, foreign-induced investments bring unequal development and resource plundering, rather than an integrated development based on science and technology. Citizens of host countries are seen as second-class citizens and are commonly deprived of all their rights. In countries where the rule of law is not firmly established, civil society organizations are not well-developed, and intellectual movements are practically absent, multinational companies in cooperation with host governments can do whatever they like. Therefore, it is easy for investors to control the resources of the host country by buying them with paper money that the central banks throw into the market and with other accumulated money from private investors. Since many African countries lack consciousness and do not have strong states that advance the interests of their own people, the above analysis is a realistic scenario. Historical experience also proves that one of the main characteristic features of capitalism is to dominate countries and make them into appendages, not to bring balanced development. Through the capitalistic globalization of the last 30 or more years, Third World countries have been advised to plant sugar cane, flower, strawberries, and sesame for various capitalist countries while neglecting food cultivation for their own people. This being the case in the rural areas, in the capital cities, African governments build hotels and other apartments for foreigners while throwing their own people in slum areas. This is especially the case in Addis Ababa, and in other capital cities like Nairobi. This is the true nature of present-day global capitalism.

From this vantage point, in order to attract foreign investment, other methods must be created. Those who want to invest in an African country they should have the intention to contribute to the country's development. They must bring all their know-how with them and show Africans how to develop new technologies. The technologies they bring must be able to produce the instruments and technologies necessary for a country to develop holistically. Such investors must be integrated within the social and economic process and be a part of the society where they live. They must not be allowed to transfer their profits; instead, they must reinvest them in the country where they reside. Such investors can apply for citizenship, and as citizens, will have all the rights and obligations as the rest of the population. Only in this way will foreign investors be welcome.

All in all, the propaganda that African countries should be integrated into the value-added chain of the world market is simply a fiction. The problem is not processing different products, but bringing real scientific and technological revolution for sustainable and holistic development to the continent. Each country must be able to develop and produce the instruments that are needed to prevent natural catastrophes and cope with the damages if need be. This is only possible, not by foreign investments that produce simple products, but by constant scientific research and development of new technologies. Therefore, foreign investment cannot help the development of the continent; in fact, it's an obstacle for real and holistic development that can address the continent's needs. The majority of African countries have ample opportunities to develop swiftly and organically if they avoid foreign involvements.

An Alternative Approach to Compass with Africa!

The full and genuine development of a given country is the job of that country's government. Foreign countries have never helped to develop other countries. The examples of Japan, South Korea, and other Tiger states prove that these countries were able to develop successfully because they rejected the proposals that presented to them by the Americans after the Second World War. The Japanese first rejected the neo-liberal agenda of the Americans, and the others followed suit to pursue the right strategy of development.

From this perspective, African countries need political and state reforms. The reforms in these areas are needed to guarantee true freedom to the people. When the people get the right to express their ideas and organize themselves, they can become creative. In an atmosphere of suppression, there cannot be genuine economic and social development. Again, this requires keeping foreign forces from all state organs. If elements that advance the interests of foreign forces are integrated into the state machinery, there is always instability and underdevelopment. This has been the case over the last 50 years. African bureaucrats never felt that they were true citizens of their countries, and they forgot that they had the obligation to serve their countries and their people. Under such conditions, state organs and the governing class could not develop economic and social plans that could advance the interests of their people.

The main problem in many African countries is that after the first generation of rulers left, successive African leaders from the 60s onwards couldn't develop real social awareness and consciousness. They became simply compradors that advanced the interests of this or that capitalist country. Especially in Francophone African countries, the political system and the currencies were under total control of the French government, and successive French governments have never allowed these countries to develop freely. Many French companies control the resources of these countries without bringing any tangible development. This being the case, state and political systems in many African countries are considered private property of the ruling classes rather than instruments of proper administration and wealth creation. The ruling classes of many African countries think and believe that the resources of their countries belong to them rather than to the entire people they govern. Therefore, presidents and prime ministers of certain African countries sell their countries' resources, including land for multinational companies. The money that is generated is then accumulated in foreign banks to finance the development of other countries. In this way, many African countries are plundered from many different directions, and this creates a major obstacle to genuine development. These, and several other issues, are not mentioned by the IMF, the World Bank, and the African Development Bank that formulated the Compact with Africa program. Without having clear ideas on all these issues, and without having understood the meaning of real social and economic development, the situations for many African countries is very bleak. However, there are still possibilities to overcome these obstacles. Since history is a dynamic process, Africans still have the chance to develop their continent. They have the intuition, intelligence, and will to develop and bring justice to their continent. In order for this to happen, African governments and intellectuals must take bold actions in the following areas:

1. **Proper Education**: The two prominent demographic and development experts Professor Klingholz and Professor Lutz (2016) published a new study that shows how different nations can develop easily and become self-sufficient after they have taken the necessary steps in the area of education. Their studies begin from ancient Greek civilization to the 1970s. In their book, "Who can Exist in the Future? Education Decides over the Future of Human Beings," they demonstrate that without Greek civilization, which was supported by a unique type of education system that could shape the human mind,

without the education of the Renaissance during the 15th century, and without Martin Luther's reformation, there could not have been such scientific and technological development in Western Europe. The late comers, like Germany in the 18th and 19th century, America during the 19th century, Japan during the Meiji dynasty, the Scandinavian countries, and other East Asian countries, have all pursued a unique type of education system appropriate for real development based on science and technology.

Therefore, African countries must focus on mechanical and electrical engineering, physics and chemistry, vocational education, city planning and architecture, sociological studies and philosophy, and other fields that bring genuine development; meanwhile, they must discard macro- and microeconomics from their curriculum. The so-called "development economics" that is taught at many universities is not helpful in understanding the true meaning of economic and social development. It confuses students rather than giving them insight. None of the textbooks teach the genesis of capitalistic development or the scientific and technological revolutions, which are the foundations of genuine economic development. When the great Prussian king Friedrich the Great asked Voltaire for advice on how to develop his country, the philosopher Voltaire suggested that he concentrate on arts and science. By following the advice of Voltaire, the great Prussian king introduced major reforms that helped his kingdom march on the path of science and arts. By concentrating on science and arts, African countries can also integrate parts of economic teachings, like industrial economics, organization, accounting, controlling, finance, and management into their curriculums.

2. **The Need for Institutions**: Many African countries do not have the necessary institutions to mobilize human and natural resources. The current institutions are backward, not efficient, and in most cases, not suitable for holistic development. The technocrats and bureaucrats do not feel that they are accountable to their societies and countries. Most of them work for the interests of foreign countries, and as such, they block real social transformation and economic development. In the absence of efficient institutions and government officials, foreign forces and companies come to Africa and plunder the continent's resources. In many cases, these foreign forces advise bureaucrats to invest in areas that cannot create real social wealth and thus, perpetuate underdevelopment. Most of the investments that are implemented damage the society, economy, culture, environment, and psychology of the people of the host country. Therefore, a well-educated, conscious bureaucratic class is necessary for real scientific and technological revolution.
3. **Physical Economy:** The physical economic principle is the opposite of the monetary economic policy. Simply put, it is based on the creative capacity of the human mind. What is required is not monetary policy, but physical investments that are supported by internal credit systems. The foundation of such a strategy is machine industry that can be continually upgraded by constant scientific research and technological developments. From this perspective, priorities must be given in the area of rail road systems, or what Schumpeter call Railroadization, which has great multiplier effects. (Andersen, 1994) Since a railroad system consists of many aspects like machine industry, design, planning, and the productions of wagons and other spare parts, focusing on this sector brings the quickest development for any country. Especially highly-populated countries like Nigeria and Ethiopia need such a system.

In addition, without the development of well-designed cities and villages, the physical economy cannot be materialized. Well-organized spaces for building houses; shopping centers, including book shops; recreation centers; industrial location centers for small and medium size industries; etc. are prerequisites for physical economic development.

4. **Development and Research:** Without constant research in all areas, there cannot be real development. African countries should prioritize the areas of physics and mathematics. Without these two aspects, a country cannot develop the necessary instruments for production and studying the properties of materials and plants. In short, physics is the source of true wealth. Other fields like biology and chemistry can be studied and applied for development if the necessary instruments can be produced. However, physics is the foundation of real knowledge and development. No country can develop if it does not give priority to physics, and make continuous efforts in research and development.
5. **Agriculture:** The development of agriculture depends on whether or not a given country can produce the necessary farming instruments. Though many African countries have ample opportunities to produce a variety of crops, vegetables, and fruits for internal consumption and as raw materials for industries, instead, they primarily focus on cash crop production, which keeps them from developing and is a cause of permanent hunger and poverty. Therefore, the connection of manufacturing activities to the agricultural sector helps a given country develop in all areas. As a matter of fact, countries that neglect to produce a variety of agricultural products cannot maintain a healthy society. If a country focuses on food production it can reduce costs that can be allocated to other areas. It is well-known that many African countries import food items that are neither compatible to their diet nor healthy. Due to globalization and free trade agreements, some countries import unhealthy foods that harm their people. Diabetes, heart problems, and obesity have become common in many African countries. A country can avoid such health issues if it relies on its own resources for food.
6. **Energy:** A given country can only develop with efficient energy systems. Without efficient energy systems, one cannot move machines and mold iron and steel. In many African countries, the main energy source is charcoal. In order to produce charcoal, a high volume of trees must be cut, which damages the fauna and flora. Because trees are indiscriminately cut by people who do not have any other alternatives and foreign companies that rob the continent’s wealth, many African countries are being converted into deserts. Therefore, foreigners should not be allowed to rob the continent’s wealth, and there should be strict control in this area; and no foreign company should be allowed to enter rural areas. By and large, to solve the energy problem, African countries should develop other energy resources like coal, hydropower by building small and manageable dams, sun and wind energy, and small amounts of nuclear energy. The combination of all these energy resources reduces the dependence on charcoal. The availability of various efficient energy systems is the foundation of systematic industrialization and an integrated economic system.
7. **Small and Medium Size Industries:** Small and medium size industries are the basis of systematic industrialization. If a country does not prioritize these areas, they cannot develop organically. Decentralized industrialization is more important than large industries, because small and medium size industries pave the way for more creative

activities in any given country. In addition to these, encouraging activities like the production of musical instruments, book binding systems, and porcelain and glass manufacturing bring healthy and real development to a country.

8. **Reorganizing the Banking Sector to Finance Development:** Financing development is not an easy task. As experiences of the last 35 years teach us, industrialization strategies that are based on international debt mechanisms are not the best option for development. Whenever countries that have borrowed from the international capital market are unable to repay their debt, they are forced to undergo debt scheduling processes, which increase the amount of debt. With such mechanisms, banks earn compound interest rates, which increase their wealth, and at the same time, pauperize the indebted country. The international debt system is one of many systems that absorb wealth from underdeveloped countries and transfer it to the capitalist west. It is part and parcel of the international capitalist accumulation process. The cases of Brazil, Mexico, Argentina and other Latin American countries have shown that all these countries were forced under the control of the international financial system, and because of the IMF's austerity programs, millions of people in these countries had to pay heavy prices. The political, social, economic, and cultural damages of the international debt mechanism are incalculable. The system is brutal and ruinous.

One of the strategies of the "***Compact with Africa***" program is lending money that is deposited in the form of pension funds in the banks of highly-developed capitalist countries. Because of the very low interest rate that exists in these countries at the moment, this huge amount of money cannot be invested in capitalist countries. It is therefore necessary to invest the money somewhere else in order to make a profit. The ideal place is now Africa, though the risk is not yet well known. In order to avoid this, African countries must organize their own banking systems so as to generate internal financial resources. These countries can borrow from their people through their central governments or through local and municipal administrations by issuing special bonds and securities. At the same time, governments in cooperation with their central banks can create credit mechanisms that can be allocated for infrastructure projects, like bridges, canal systems, dams, and other big projects. In addition to these strategies, food for work program can be organized and financed through the contribution of all the citizens, as well as from contribution made by those living outside the country. Such a program should have a minimum duration of 30 years. If each citizen contributes monthly or annually, the country can finance special projects that help the majority of the people. In this way, one can avoid external credits.

In short, if African countries want genuine development, they must reject advice from the so-called "international community" and its institutions. No country has ever developed by applying macroeconomic policies. Conscious mercantilist economic policies, based on theoretical, scientific, and philosophical knowledge, are the basis of genuine economic and social development. Only with state-supported development policies, private initiative, and the active participation of the masses, can African countries march on the path of true development. On the other hand, countries that have followed the advice of the IMF and the World Bank have been condemned to unending poverty and underdevelopment.

Studies conducted by various critical economists and edited by Doug Bandow and Ian Vásquez in their book, "Perpetuating Poverty," show how the policies of the IMF and the World Bank have brought incalculable damage to many underdeveloped countries—especially in many African countries. This case also is confirmed by Professor Erik Reinert in his book, "How Rich Countries Got Rich… and Why Poor Countries Stay Poor."(Reinert, 2007) These and other studies demonstrate that these two institutions and the international community do not intend to develop the African continent. It is an illusion to expect something good from countries pursuing neo-liberal economic policies, which foster inequalities. African countries must rely on their own intelligence and resources.

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