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Introduction

Lansana Keita*

The General Situation

The essays that make up this special issue are informed by a general theme that continues to plague the African continent and its inhabitants. The issues that are fairly obvious are those concerning very high unemployment rates, unviable infrastructures, high and low intensity conflicts, low wages in a context of first world prices, uneven growth and widening Gini coefficients.

The majority of Africa's existing states gained their present 'independent' status from colonial tutelage in the last 50 years and there was much optimism at that point that the new nations would quickly develop by acquiring new technologies similar to those that facilitated European economic dominance during colonial times. But things did not progress as anticipated for a number of complex reasons; and the general discontent is palpable – both on the political and economic fronts. These facts are to be pondered over with the knowledge that countries like South Korea were on economic par with countries such as Senegal and the Democratic Republic of the Congo. Today, South Korea is an industrial powerhouse that is a leader in enterprises such as ship building, automotive engineering, television manufacture and computer technology. So what went wrong with the African countries? A variety of explanations and theories have been offered in this regard. The explanations offered range from dependency theory to the retarding effects of neoliberal theory on one side, to the other side that appeals to explanations such as too much government intervention, cultures that are not compatible with modern industrialisation, and corruption.

To get a sense of the general state of affairs, consider the rankings on the Human Development Index for 2011. Of the 179 nations polled in the latest (2011) Human Development Index according to a set of criteria that offer a holistic view of the economic and welfare health of a nation, the majority of the nations in the category of 'low human development' are

* Department of Economics and Political Science, Kwara State University, Nigeria. Email: keitalans@yahoo.com

those of Africa. The category ranks on the index against which countries are assessed are: very high human development, high human development, medium human development, and low human development. The index itself was developed my economists Mahbub ul-Haq and Amartya Sen and lists a set of nine criteria according to which the economic life of an average individual is to be evaluated. These criteria include metrics such as years of education, life expectancy, daily caloric intake, gender equity, basic needs, poverty levels, etc. Not surprisingly, the Scandinavian nations predominated in the very high human development category along with other nations such as Australia and Canada.

At the other end of the table most of Africa's nations are in the low category with a few being in the medium development category. At the top of the African list are Libya, Algeria, Tunisia, and Mauritius. The rest are mainly in the low human development category, with some others in the medium development level. But in all of this we should note the rankings of the three most influential nations in Africa: Nigeria (145), South Africa (113) and Egypt (104). The question that automatically follows here is: what are some possible explanations for the fact that most of Africa's nations occupy the lowest categories and that the nations of Scandinavia hold the highest positions? Given that general human discontentment usually derives from economic deprivation, it would be safe to say that, on a purely material basis, Scandinavians are arguably the least discontented people on earth.

As stated above, there must be some explanations for the dismal economic state of most African nations. So what could they be? Some theorists argue that Africa has yet to recover from the debilitating impact of European colonialism in that most of Africa's nations are still locked into neocolonial relations with their erstwhile colonisers or with the leading nation of the West, the United States. The argument here derives from the 'dependency school' of economic analysis (Prebisch 1949; Amin et al 1987). In this regard, those African nations affected just do not have enough leverage to accumulate capital for the purposes of industrialisation given that their relationship with the West amounts to the Ricardian one of exporting raw materials at cheap prices to the West, and then importing manufactured products that are purchased mainly by the comprador bourgeois classes and resident expatriates that constitute no more than five per cent of the population. There are others who argue that the problem with African nations is that they are the victims of capitalism in the sense that the neoliberal policies foisted on them by the Bretton Woods institutions such as the International Monetary Fund would not allow them to accumulate critical masses of capital to develop independently. The recommended solution is to develop strong worker classes by way of trade unions, so as to finally wrest economic power away from the guardians of the neocolonial comprador bourgeois state (Amin 1978). The result would be nationalised state enterprises that would be sufficiently strong to attend to the material and welfare needs of the masses.

Other theorists, mainly of Western provenance, argue that free markets and property rights are the key variables that pave the way to growth and development. The implicit thesis here is that if the culture of the free market is adopted in a framework of private property rights, rule of law and 'democratic' government then the poor would have the basis on which to obtain credit for business purposes. The theoretical foundations here are economic neo-liberalism which has been touted by economists such as Hernando de Soto (2000) and Paul Collier (2008). But still the neo-liberal approach has not been able to push the poor out of poverty and lead to economic growth. A more extreme version of the neoliberal approach has been touted by Dambisa Moyo (2009) who argues that the amount of 'aid' that Africa has received over the years has not led to development and instead has stifled the free operation of the market.

A more recent group of economists have decided to brook neoclassical orthodoxy with its neoliberal applications to embrace what has been dubbed 'heterodox economics'. Heterodox economics, in general terms, can be defined as all economic paradigms that do not support – in lesser or fuller degrees – the neoclassical approach to economics. One can include in this varied group schools of thought such as Marxian economics, Austrian economics, neo-Ricardian Sraffa economics, behavioural economics, neuroeconomics, institutional economics, etc. There is one growing set of economists who are not usually mentioned among the foregoing group that focuses more on the global economy and the impact of neoliberal economics on the economies of the Third World. I prefer to name such a group 'critical political economy'. Its approach is historical, institutional, and global. The main distinguishing feature of this group is that its members, such as Joseph Stiglitz, Eric Reinert, Ha-Joon Chang, etc., are opposed to the fundamental tenet of neoliberal economics which is that under all circumstances markets should be as free as possible and that the role of government in economic transactions should be reduced to a minimum. The heterodox theorists are not radical in the sense of, say, embracing Marxian economic theory, they are unorthodox in the sense that they question the idea that the market is the infallible guide to economic growth and that the role of government should be minimal in economic matters because it breeds inefficiency and distorts the market.

If the non-industrialised nations such as those of Africa were to adopt the heterodox thesis, this would mean implicitly that the Ricardian principle of comparative advantage and the Hecksher-Ohlin theorem ought not to be dogmatically conformed to by Africa's economic planners. Thus we have on the one hand textbook theorists such as Paul Collier, William Easterly , Hernando de Soto, all committed to neoliberal theory not on scientific grounds but on ideological grounds, and on the other those who question this doctrine. To grasp the dynamic of the debate, throw into this programmatic dualism the intermediaries of the IMF, the World Bank, WTO and the major programmes in economics at Western universities such as the University of Chicago, Harvard University, Cambridge University, MIT. and the London School of Economics.

At these universities themselves, students are exposed almost exclusively to neoclassical theory which they then apply as practice in Western institutions with a global reach such as the IMF and the World Bank. Neoclassical theory in practice is essentially neo-liberal economics. But even though neo-liberal economics is supposedly the practice of neoclassical economics, it is the theory itself that determines the practice without any feedback looping considerations. In normal empirical science, theory guides practice; but it is empirical practice through the feedback process that guides and seeks to correct theory. But this is not the case with neoclassical economics. The theory remains unmodified despite blatant lack of harmony between theory and real world practice.

It is on this basis that, despite predictive promises, the economic landscapes of those areas in thrall to neoliberal policies remain the same. In the case of Africa, the discontent at failed policies is palpable. There are obvious questions which neoliberal theory seems incapable of addressing, obsessed as it is mainly with free markets, privatisation and minimal government role in the economy. But Africa in particular is afflicted with serious problems of unemployment and underemployment, reaching as high 60 per cent in many countries. And even those who have invested heavily in their own human capital fare no better: university graduates have difficulty finding jobs, and those that they find are often not in their fields of training. Couple that with the fact that salaries by world standards are extremely low and prices are relatively high. What is to be done? Neither neoclassical economics nor its practice as neoliberal economics has the answer. There are other considerations such as the structural arrangements between Africa's nations that standard neoclassical theory cannot address. Take, for example, the truncated state of modern Africa with its plethora of mini-states all producing just one or two agricultural products and serving as havens for the rapacious multinational companies whose wages are at subsistence level. How can such nations develop except by becoming part of a much larger integrated economic space? But this would entail shelving the local, non-convertible, weak mini-currencies for something more substantial. What is the point of having a local currency when it carries value only within some tiny economic space? The absurdity of the situation is underscored by the fact that all local currencies fall under the hegemony of the dollar, pound and euro. The result is that no non-local currency is exchangeable at any recognised bank, even when different branches of the same bank are involved. Thus different branches of the same bank in different countries will transfer amounts from branch to branch only through the intermediary of the dollar.

One would have expected that under such circumstances there would have been central bank coordination across the continent with the intention of developing a strong central bank that would oversee intra-continental transactions. This would have been the basis for establishing an international African currency. A promising starting point could have been the African Development Bank, but it has been rendered practically ineffective for such a task by its falling under the hegemony and sway of Western financial institutions. Again, the bare bones of neoclassical economics and its neoliberal prescriptions are just not adequate to resolve this issue.

The problem with neoclassical economics as economics is that it has lost most of its connection with the real world. It bases all of its theories on the robotic optimisation in the name of efficiency. Its major actor is that fictitious homunculus known as 'rational economic man'. His main goal in whatever context is the maximisation of expected utility as consumer and the maximisation of profits as producer. But this is not what economics is about as was the case when it was known as 'political economy'. When economics was known as political economy, it dealt primarily with the economic concerns of real humans as they existed in sociological and political environments. This was essentially the orientation of the historically important economists such as Smith, Ricardo, Malthus, Mill, Marx, Keynes, Schumpeter , and others. It was with the development of marginalist theory by the so-called marginalist trio of Jevons, Menger and Walras, then later Marshall, that attempts were made to transform economics as a study of economic decision-making within contexts of sociology and politics – as was the case with the classical economists, Smith, Ricardo and Malthus – into an objective science of human decision-making.

In the Anglosphere, the issue of whether economics should be a strictly scientific enterprise was wrestled with by theorists such as J.S. Mill, Marshall, John Neville Keynes, Lionel Robbins, and others. J.N. Keynes (1917), for example, argues that methodologically, political economy should be an empirical and deductive science compartmentalized into positive and normative (ethical or applied) areas. A similar thesis was presented by Lionel Robbins (1935) when he argued for an economics bereft of political and ethical considerations. So by the time Samuelson began his professional life as an economist, economics was metamorphosed into a strict empirical science of individual agent choice. It fact it was Samuelson himself who sought to do the 'clean-up' work of ridding economics of any vestiges of mentalistic content with his innovative theory of revealed preference.

Thus with the idea firmly in place that economics was an empirical science, the path was now clear for its advocates to declare that its theories and operations reflected the natural order of things. The dominant paradigm in this regard came to be known as neo-classical economics. The market is then seen as a kind of organic structure whose dynamic constituent parts are human agents and their empirically observable choices. A key assumption about the human agents who inhabit the neoclassical market is that their choices are founded on the principle of a consistent rationality. It is this individual rationality on the part of the generic neoclassical agent that guarantees what neoclassical economics values most. Efficiency is what neoclassical economics values most in terms of outcomes for agent decision making. Thus any intervening element that inhibits the smooth functioning of the market distorts the market and should be removed. Issues of equity for the participating agents of the neoclassical dynamic are not to be considered. The rule for those trained in neoclassical economics is 'optimisation' at all costs. Even if such optimisation means increasing poverty within society, the optimising rule must be maintained.

The reason for this dogmatism is as follows. In their goal to establish economics as a science, it was necessary to formulate general laws of human decision making necessary for analysis in terms of prediction and explanation. But given the variegations of human decision making in practice and the psychological origins of agent choice, such laws could not be formulated to any degree of accuracy, especially in terms of explanatory power. Thus the only way the project of 'economics as science' could progress was to create a universe of idealised human choice-makers whose decisions would conform to the law -- like rules of rational choice. This idealised economic space was then transferred to what neoclassical theory describes as 'the market'. The 'market' in real terms, that is, with real humans is now required to operate according to the principles of the idealised universe of neoclassical economics. This is the basis for neoliberal economics theory and its ministrations by its consultants at the IMF, the World Bank and other Bretton Woods institutions with global reach.

In practical terms, this means that the neoliberal theorist in his or her deliberations would ascribe priority to efficiency and eschew considerations of equity. If increased poverty results from decisions made according to efficiency considerations then so be it. In fact, this is the basis for the well-known concept of Pareto Optimality in welfare economics. The entrenched neoliberal law of the land as enforced regarding the countries of Africa is: privatise as much as possible, reduce the role of government as much as possible, and open markets as much as possible despite the vagaries and developmentally deleterious effects of free trade. In the case of Africa, the application of this paradigm has resulted in unbalanced growth, great unemployment, low wages, minimal technological development and general discontent. But despite failure, the recommendations remain unchanged. We are not witnessing empirical science here, rather something akin to theological dogma.

What is to be Done?

Once it is recognised that the function of the optimal economy is the wellbeing of those who are willing participants in its economic space, then a number of solutions for persistent problems can be sought. In the case of the nations of Africa, one serious problem is that of unemployment and underemployment. At whatever level of training and human capital investment hiring is minimal and is often based on factors extraneous to skills levels. It is an obvious fact of economics that increased hiring leads to increased growth. So the hiring question is an issue that governments should actively seek to address. Two issues are pertinent here: 1) How relevant are Africa's educational systems to the continent's needs? Are there mechanisms in place to ensure that tertiary-level graduates are apprenticed to actual work enterprises before graduation? 2) For individuals who would wish to be self-employed, what role can sponsored banks play in providing credit at affordable rates? In other words, matters pertaining to unemployment could begin to be resolved once working cooperation between training institutes, industry, and banks will have been established. Governments, in this instance, would be of maximal support in terms of their funding credit-granting agencies such as cooperative banks and other development- oriented credit institutions. Other solutions to the unemployment problem could entail reducing work hours for individuals in business enterprises, such that the unemployed could be hired. The point being made here is that, to solve the unemployment problem, governments can be much more dynamically involved than they are wont to be.

To facilitate solutions for the unemployment issue governments should engage themselves in regional cooperation in such a way that the artificial national boundaries imposed by the colonialists lose significance. In this regard, workers should be granted the legal right to move freely for employment purposes. At the moment, this is not the case. The colonial idea of the territorial imperative of the state is very much alive in that Africa's post-colonial governments freely exercise the identifying idea of 'legal' and 'illegal' regarding persons within their respective states.

Similar considerations apply to wages within the African context. On account of globalisation with its practice of international trade, African nations find themselves in the unenviable position of exporters mainly of raw materials and importers of finished value-added products. The prices of such products are those that obtain minimally in the industrialised 'first world' nations while the wages that correspond to such prices are those of the so-called 'third world'. The situation is an unfortunate one of 'third world' wages and 'first world' prices. Mechanisms should be invoked to rectify the situation in which the wages of African workers are the lowest in the world. When this is coupled with weak currencies and low prices for exportable raw materials a situation is set up for perpetual African indebtedness to the industrialised nations. The following data demonstrate the great disparities in average wages, income and wealth distribution, and quality of life among the world's regions.

Continents/Regions	AveragePer GINI Index	Capita ($) GDI (2011)	Average HDI (2011)
East Asia	0.349	$7, 610	0.671
South Asia	0.389	$1,000	0.548
Africa	0.452	$1,590	0.473
Europe	0.327	$30, 200	0.835
North America	0.486	$32,000	0.724
South America	0.502	$7,640	0.711

Sources: Average GINI Index and Per Capita GDI, Wolfram-Alpha Knowledge Base (2012). Average HDI, UNDP Report (2011).

It is obvious from the above metrics that Africa's performance in all designated areas is not encouraging. In the important area of the GINI coefficient, it should be noted that although the African average is 0.452, there are some bothersome extremes especially in the areas of European settlement. This relates to the fact that despite the wars waged to win political and economic rights for the African populations in areas such as South Africa and Namibia, economic structures remain the same. There has been no meaningful redistribution of wealth and capital in South Africa and Namibia so as to establish more equitable societies. The highest GINI coefficients in Africa are those of Namibia and South Africa. Their respective numbers are 0.742 and 0.674. These large wealth disparities are followed by those of Botswana (0.61) and Seychelles (0.658) whose recent economic performances have been praised by neoliberal theorists as impressive. But what is the point of a country demonstrating impressive growth when the extremes of wealth and poverty remain unchanged in terms of percentages?

In our globalised world there is perhaps no metric that is more reflective of unequal exchange between the North and the South than wages. It is the very low wages paid to Africa's workers that has led to the infamous 'brain drain' syndrome that has plagued the African continent since the early days of 'flag independence'. It is always an immediate puzzle to a casual observer why a hard-working bus driver, for example, in some African capital earns, on average, some fifteen times less than his counterpart in the North. If the bus drivers in question have the same extent of experience on the job and equal competences, how does one explain this and similar wage disparities? The answer is that African currencies have been effectively shorn of any real or exchange value by the harsh neoliberal dictates of the IMF and the World Bank. First, it was deemed that African currencies are not exchangeable on the international finance markets. Only the currencies of the North are acceptable as international legal tender. This ploy, no doubt, went hand-in-glove with the dictate that African markets should be geared to the export market in order to gain the foreign exchange necessary for the purchase of goods on the import market. Second, on account of incurred loan debts on account of the above-mentioned unequal exchange, 'bailout loans' obtained from the IMF and World Bank were proffered with the requirement that the currency of the loan-seeking country be devalued. And thus began the vicious cycle of debt and devaluation that decimated the wage scales of Africa's citizens. Only the complicit classes survived these frontal economic assaults. It is this dynamic that partially explains that the average African wage is $1, 590 while that of non-industrial Iceland is $36,800 per annum.

The puzzle in all this is that the same problem of weak currencies and low wages affects those African nations that export the world's vital commodity, petroleum. The average wage of those African countries that export petroleum thereby guaranteeing a daily inflow of petrodollars is also very low. By keeping wages low the parasitical comprador bourgeois classes of these petroleum-exporting nations are able to appropriate most of the proceeds from the sale of petroleum for themselves. Egregious examples of such countries are Angola, Nigeria, Equatorial Guinea and Gabon. This situation must be rectified through the formation of strong workers' unions who would then militate against their exploitative neocolonial governments.

On the Problematic of African Political Economy

The above discussion serves two purposes: 1) the structure of the dominant economic paradigm, neoclassical economics, was examined to expose its ideological foundations that are not fully recognised by economists of the South, trained as they are to believe that economics is some species of engineering. Under such conditions the managers of Africa's economies easily succumb to the assumed authority of the so-called 'experts' at the IMF and the World Bank, for example. 2) Recommendations were made as to what ought to done so as to improve Africa's economic performance in terms of human welfare and equity, which in reality ought to be the prescribed goals of economics as a necessarily prescriptive social science. This point should be fairly obvious given that any discipline involving conscious human choice which can express itself over a range of possibilities must take into consideration the normative notion of optimality when theorists of such decision making seek to develop in formal terms theories that are analytical.

Yet this is not to deny that Africa's economic managers do make prescriptive recommendations regarding economic matters. They do recognise that Africa's economies are in dire need of efficient infrastructures and human necessities that have been long made possible by modern science and technology. But such needs are not attended to because of the intervention of the political and sociological variables of political economy. One key variable, in this instance, is that concerning human capital investments for the development of managerial cadres for those areas requiring the distribution of public goods and services. In many of the technologically advanced nations priority is accorded in this regard. In modern times the nations of Western Europe and its overseas settle states have invested heavily in this regard with its advanced schools of public administration. The training is not only in the area of administrative competence but also in areas pertaining to the important area of civic responsibility. In some instances, rigorous civil service examinations ensure that only the most competent cadres are the ones employed. This is not the case in Africa where positions requiring the dispensation of public goods are not meted out according to competence but according to arbitrary criteria that yield only inefficiencies and wastage. The task is difficult, given the various impediments for implementation according to sociological criteria such as ethnicity, religion, gender and class. With proper managerial cadres in place, society would be guaranteed those basic public goods that are necessary for human welfare in modern times.

The ongoing failures in this regard are an obvious testimony to the inadequacies of human capital investment in the form of education at all levels. At the moment, there is very little sense of Pan African connectivity all encouraged by the narrow outlooks of the post-colonial comprador classes whose only conscious goal is to consume the trinkets, toys, and baubles of Western and Asian capitalism. Ignorance reigns supreme and is deliberately nurtured in this regard. This ignorance, derived from inadequate human capital training and education, is no more evident than in the political activities of contemporary Africa. Given that the optimal form of government currently in practice in most of Africa is the one resulting from multiparty democracy, a form of governing that has been strongly recommended by the West even to the extent of external financing , it is unfortunate that individuals who eventually win Africa's presidencies are, for the most part, unknowledgeable in the crucial areas of holistic African history, modern political theory and modern economics. The same critique applies to those who have supported them financially – internally or externally, or on whatever basis – usually on the illogical bases of ethnicity, religion, or regional origin. These are important considerations that explain a large portion of the political incompetence on the African continent. If here are age requirements for presidential positions and appointments in contemporary Africa, why not advanced educational requirements in the areas of world and African history, political theory, and economics for prospective candidates at the presidential level.

The Discussion

It is just these issues concerning Africa and its palpable discontent the papers in this edition seek to address. Two of the papers are theoretical in that they attempt to lay bare and explicate the structural foundations of capitalist neoclassical economics whose dominance as a paradigm is firmly entrenched in the major academic training centres in the world today. Amin's paper seeks to demonstrate that capitalism is an illegitimate form of economic theorising and practice. He achieves this through a rigorous analysis of its internal logic expressed in its actual empirical dynamics. Keita's paper is an attempt to show how the taken-for-granted neoclassical economic theory, the dominant paradigm in Africa's universities, has had a long history of its theorists struggling to establish their discipline as a genuine empirical science. Samuelson's 1938(a) paper 'A Note on the Pure Theory of Consumer's Behaviour' and Friedman's 'Methodology of Positive Economics' (1953) are important examples of such. But the subsequent methodological debates on the ideas promoted by Samuelson, Friedman, and others, in the bastions of neo-classical economics in the West are rarely brought to the attention of students. The same applies for Africa. In this regard, it would be incumbent on departments of economics in Africa to reflect theoretically on the orthodox neoclassical economics paradigm now the standard in Africa. Heterodox approaches should now be seriously encouraged.

The paper by Amaizo is a critical paper that takes the position that the economic advice offered to African countries is essentially an exercise that invariably yield zero-sum results to the West in terms of trade and otherwise. At best such recommendations are not much more than palliatives that do not tackle the underlying structural problems that afflict Africa's economies. He points out , in this regard, the role of the Bretton Woods institutions in ensuring that a centre-periphery dependency relationship continues to exist between the nations of the West and those of Africa. Amaizo's solution is to promote an alternative economic developmentalism with a positively Africa-centred paradigm. Babatunde's paper examines and analyses the poor growth performance of Africa's economies since independence some fifty years ago. He discusses the failure of Import Substitution programmes adopted by a number of African nations as a way to escape the dependency trap and to industrialise in the process. He shows how such initiatives failed in the past and were, unfortunately, followed up by 'structural adjustment' recommendations at the behest of the IMF and the World Bank. The SAPs have not helped Africa in terms of its developmental goals and have merely helped to demonstrate the inadequacies of the neoliberal economics template that accompanied them. The effects of the African SAPs are still very much with us and are a major source of Africa's ongoing discontent. Dembele's paper continues in the same critical vein. He locates African's continuing economic crisis in the historical matrix of West European globalisation initiatives first in the sixteenth century Atlantic triangular trade in enforced human labour from African sources and trade goods bound for Europe from the Americas, and the subsequent colonisation of the African continent for purposes of in situ raw materials extraction.

The present problem has its roots, according to Dembele, in the continuing problematic of Africa's post-colonial economies being stuck in the rut of mere commodity production. This, according to the same author, laid the groundwork for the enforced mantra of structural adjustment programmes, trade liberalisation, and privatisation all under the rubric of IMF and World Bank-touted 'neoliberalism'. Dembele underscores the very negative results of such programmes and argues that the path towards development requires 'democratic developmentalism' within the economic matrix of socialism. But there must also be creative ways of dealing with Africa's post-colonial truncation into its myriad commodity producing states.

Finally, a dynamic analysis of Africa's present situation is offered by comments to questions presented to Patrick Bond of the University of Kwa-Zulu Natal and Demba Moussa Dembele, Director, Forum for African Alternatives, Dakar, Senegal. Their penetrating comments offer a proper analysis of the roots of Africa's discontent. The ongoing discontent in Africa is only minimally captured by the metrics that are continuously churned out by the world's economic research institutions such as the IMF and the World Bank. To say that the average annual income of such and such African nation only minimally reflects actually lived lives. Diop's paper fills in this gap with his appeal to post-independence African literature to capture the clash of culture and modernism that Africans of all economic classes experience as they go through contemporary times. Diop explains Africa's ongoing developmental impasse by the passive and subordinate role played by Africa's comprador classes in the ongoing world economic struggle for the control of resources.

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