

BOOK REVIEW ESSAY

From inequality to stratification: Obeng-Odoom's contribution to the study of inequality in Africa

Property, Institutions, and Social Stratification in Africa

by Franklin Obeng-Odoom,
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REVIEWED BY ABDALLAH ZOUACHE

Sciences Po Lille, France
Email : abdallah.zouache@sciencespo-lille.eu

Abstract

Franklin Obeng-Odoom's book should be read, both by academics working in the fields of development economics, growth, international economics, socioeconomics, and institutionalism, and by non-economists devoted to Africa. I particularly recommend the book to students, particularly those studying Africa who are from Africa. Indeed, the work is academic, by its content and its method. It is also a very good exposition, and students will be able to use the numerous presentations of key theoretical concepts and frameworks in the field of macroeconomics, international economics, economics of the commons, economics of agriculture, institutional economics and socioeconomics. Finally, the book is intellectual, and poses challenges, but also offers perspectives for the future of Africa.

Keywords: Stratification; inequality; Africa; Land.

1. Introduction

Despite the abundant literature on inequality, thanks to Piketty (2013) for bringing this question at the forefront, Africa has not been sufficiently covered. By focusing on stratification, Obeng-Odoom's book offers a stronger, deeper and more novel approach to the inequality puzzle in Africa. The book is organized into three parts. The first part defines the contours of the development problem in Africa. The second part presents the economic theories most often used to understand the development trap in Africa: neo-institutionalism, the theory of growth (with an emphasis on the role of human capital), international economics (with an angle on 'international firms'), and agrarian economics. The second part discusses possible alternatives. Socialism is envisaged as a serious alternative but has to be transcended in order to be embedded in a set of solutions that the author brings together around the idea of Africanism. The whole book is very well written. The bibliography is impressive, diverse, and pluralist, and is not limited to the field of economics, revealing a huge intellectual culture. Political issues are addressed but never from an ideological perspective.

The author's message is that conventional explanations of the development puzzle in Africa, especially the famous natural resources curse thesis, are not satisfactory. They would even constitute "distractions", as said in conclusion, and, ultimately, would contribute to the perpetuation of social, economic, gender and spatial inequalities, the main components of what the author labels economic and social stratification. Why is this?

Firstly, because the problem of Africa is, according to the author, badly identified. The key problem is social stratification. What does that mean? This concept is not in the toolbox of standard economists who would prefer another concept used by the author, namely, inequality. The author relates this concept, *à la mode* in sociology and in the Third World literature of the post-independence years (Stavenhagen, 1968), to black economics to tell us that stratification economics is a field which would make it possible to decolonize the methods of economists working on Africa.

Secondly, because many theories are inappropriate or even misleading. For example, the theory of natural resources combined with neo-institutionalist economics makes us believe that Africa has a comparative advantage, natural resources, but that the Africans do not know how to exploit them because of an inadequate legal framework, the famous ineffectiveness of property rights. International institutions are then at the disposal of African governments to offer them the tools of good governance, and transnational companies can

act as intermediaries by transferring not only technology but also the methods of good governance. The author masterfully shows that this scheme does not promote but, instead, blocks development. But above all, the author shows that the inapplicability of this scheme to regional and local contexts and institutions promotes the reproduction of spatial, social, racial and gender inequalities. I share with the author the view that this scheme has a strong culturalist bias since it involves the solution to the development of Africa coming from outside, a post-colonial solution. The author is convincing when he praises an Africanist methodology and vision, which I would personally define as the solution from inside.

In the same vein, the virtuous circle promoted by human capital theories - that is, education favours the emergence of entrepreneurship and the rise of new ideas, which lead to an increase in the demand for labour, especially in big cities, an urbanization trend that also favours innovation and finally growth – does not work. In countries where natural resources are the engine of growth, education policies even reinforce inequalities because only a small part of the population who work in the mining, oil and gas sectors benefit from them. Urbanization also means rural exodus with the result of growing inequalities in the cities. The state which promotes and finances education policies does not enjoy the benefits since big firms, especially transnational companies, rarely pay even low taxes. This is the case in Ghana, studied at length in Chapter 4, and in other countries discussed here more briefly (Nigeria, Tanzania and Angola). It could be possible to distinguish an impact on education following positive shocks on natural resources, but the impact on employment dynamics is almost non-existent. Few local workers benefit, women not at all. Foreign workers in the energy sectors, on the other hand, benefit from these education policies.

Chapter 5 is excellent because it analyses very well the power of these firms in the structuring of Africa's space. The author recalls Williamson's adage that firms are not just profit-seeking organizations but also governing institutions. With free trade and the promotion of economic liberalization by international institutions, transnational companies can influence the structuring of space through agreements established at the regional, local, municipal or city levels. African countries do not benefit since they are not integrated into globalization. To put it bluntly, Africa does not exist in globalization, whether in terms of trade, production, or investment, as illustrated very well in Chapter 5, or in global value chains, which the author does not emphasise. The author is not naive and sees here the persistence of the colonial economic pact when Africa provided

natural resources to the former colonial powers in collaboration with the local elites. New foreign actors have appeared since, Korea, Japan, but above all, China. Chapter 5 shows, through case studies, especially that of Côte d'Ivoire, that transnational companies also provide the public services supposedly offered by municipalities, while African countries have not signed the WTO agreement on public markets.

I generally agree with the author's observation that the political economy of development must be overcome, and the Dutch disease only reinforces the essentialism of the African continent around the question of natural resources. I also agree with the culturalist bias in the academic field, but also within international institutions; international consulting agencies, not to mention within government teams who too often copy and import strategies and policies often unsuited to the local context. I similarly agree with the author's observation that the intersection of social, spatial, racial and gender dimensions is at the centre of societies' dynamics. I particularly appreciate that the author makes the land question a key one. Another aspect that I like very much is the integration of the spatial and regional dimension. From my point of view, one fundamental input of the author is not a methodology that he defends as if he needed to justify himself at the academic level but the agenda on the land puzzle in Africa. Consequently, a major contribution by the author is the simultaneous consideration of spatial and territorial issues (in explaining the persistence of the conservative order which reproduces economic and social stratification).

From his Africanist perspective, the author conceives land as a gift from nature. He does not naively exclude property issues but tries to convince us that the theory of the commons must not be used to justify past and future expropriations. According to the author, we must abandon the neo-institutionalist myth of property rights that would create wealth by promoting economic freedoms and innovation. Inspired by classic nineteenth-century economics, especially Henry George, property is conceived by the author as a social relation produced by power relations and giving rise to a disproportionate income, rent. We should not see the poor as potential future entrepreneurs who would be the key to the development of the continent but as actors, Franz Fanon's *damnés de la terre*, to whom the dispossessed land must be redistributed. From this point of view, Chapter 3 on land reform is a major contribution. Reforming the land, but more generally reforming in Africa, supposes, from the point of view of neo-institutionalist authors but also of Washington's institutions, a drop of the public share to reduce the power of a predatory elite close to public decision-

making circles. The reasoning is attractive: who would refuse to reduce the economic power at the source of the political authoritarianism that oppresses many Africans? But, looking at different African case-studies (Ghana, South Africa, Uganda, and Egypt) – a great empirical richness of the book – the author demonstrates that the reforms, in particular the search for individualization of land ownership, do not modify power structures and even strengthen social stratification. This adverse result is amplified when land is made available to the world market.

The author would rather plead without being fully convinced, for a redistribution of land, as part of an alternative inspired by agrarian Marxist socialism (chapter 7). The problem raised by the author is that this Marxist redistribution does not respond to the problem of absentee ownership, which should not be underestimated in Africa. I agree with the author's report on the analytical but also practical weaknesses of Marxist socialism. But he mainly studies Marxist socialism when other alternatives could have been considered. For instance, France' market economy of the post-second world war (1950s-1970s) was based on planning and a strong state intervention. That said, the author considers a wide range of other alternatives in chapter 8 under the term, 'Africanisms'.

This theme is both very stimulating and frustrating. The author's contribution is not limited to an intelligent critique. He also takes the risk of proposing, and therefore of being, in turn, the target of criticism. Reading the author, it seems that Africanism is African socialism, but socialism by Africans and for Africans, and not socialism by and for Western heterodox economists. I must admit that I much prefer a strategy from within than a strategy from outside. Indeed, we know that socialist economists have not been spared from racism, the unscientific idea that there is a hierarchy of races. In the tradition of stratification economics, one of the pillars of Africanism would be the demand for the payment of reparations in compensation for the losses suffered during the colonial period. The author mentions that these funds could be managed by the African Union or a Union of African parliaments. The author seems to agree, but, consistent with his dialectical analysis and self-reflexive criticisms, without great or total enthusiasm. Yet, from my point of view, even more critical distance is needed. For example, the payment of reparations would not modify the system of economic and political domination; but could pose risks of conflicts between African countries in the sharing of the income then distributed. It is not even certain that these repairs would cause a minimum of accumulation of public or private capital.

A more interesting proposition, which could appear as typically liberal, is the dissolution of monopolies and the prevention of the emergence of new ones. It is clear that we must also reduce, as the author recommends, the economic power of transnational corporations (TNCs). The first strategy is obviously, as the author recommends, to transfer the exploitation of natural resources towards domestic demands. The second one also proposed is the adoption of legislation that preserves and protects local interests. Anti-pollution legislation would, from my point of view, be appropriate in the presence of highly polluting companies that affect the local ecosystem. More generally, I am convinced by the author's proposals for endogenous change through the evolution of the rule of law, the involvement of local lawyers and citizens more generally in drawing on African land for the liberation of the continent. The question of a reform of the state is raised, too briefly, and without taking into account the ability of deeply entrenched state elites to adopt a predatory strategy.

Likewise, it is difficult to disagree with the proposal to end colonial and neo-colonial interference. However, the author seems very optimistic about international power relations. The breaking of the colonial pact is difficult in a context of geo-strategic power relations very unfavourable to African countries. A counter-power mentioned by the author is the creation of African poles of cooperation. Regionalism, cooperation, mutual aid are paths that I am ready to follow; but, let us remember that they were already proposed by the great elders, like Franz Fanon (1964), and that they were followed only timidly. The author's analysis of international trade and protectionism (chapter 5) is appropriate, as these forces constitute the most obvious strategy in the current context, and the most adapted to Africa. As the book shows (chapter 5), the protectionist strategy is defeatist. Among others, it does not anticipate the consequences of replies from other actors. Trade is important, as the signing of the African Continental Free Trade Area (AfCFTA) program clearly suggests. Business as usual, though, has not been effective. Yet, as the author argues, AfCFTA is no panacea (see pp. 261, 274, 280-281), a point I share, and that the elements of a true African free trade need to be developed along entirely new lines called 'true free trade' (pp. 173-175, chapter 5). On the other hand, I was not seduced by the promotion of policies that would go beyond a growth objective in favour of indicators based on happiness. On the contrary, pro-growth policies are needed in Africa, unlike developed countries, but the issue is the composition of the GDP around ecological and non-polluting activities.

An academic work is not intended to be perfect. Yet, despite the density of the book, and the multiplicity of the themes addressed, I was surprised not to find, at the beginning, a presentation of Africa. We can anticipate in such a work that the continent will be treated in its diversity, its heterogeneity. Without going into an empirical description of all the countries, we could at least expect a grouping in the manner of Samir Amin (1972) who gathers African countries into three sub-regions: West Africa, the Congo basin, East and Southern Africa; with Ethiopia, Somalia, Madagascar, Reunion, Mauritius and Cape Verde sharing characteristics of the three other groups. In the Africanist chapter, one could also expect a definition of culture. Can we speak of a common African culture? The case studies are a great contribution, but it lacks an essential African comparative analysis given the diversity of the countries. I agree with the author, who recognizes that Chapter 6 on growth is a 'modest effort'. There is a lack of data on growth and its prospects, and there is also a lack of an intra- and inter-country regional vision. Furthermore, I would not say that mainstream theories of growth should be rejected, but that they remain limited to a macroeconomic perspective which cannot deal with the complexity of the phenomena associated with social stratification.

Finally, the book calls for further work on the integration of the political dimension. Political systems and their consequences are only partially addressed. And above all, I think that an analysis of the perverse role of the national and local elites is lacking: why do these contribute to the reproduction of economic patterns favouring inequalities, patterns often stemming from colonization? Why, in other words, do they continue making bad decisions? In a previous article, I insisted on the post-colonial inertia of economic policy decisions (Zouache, 2016). It seems possible to assume that the exclusive predatory behaviours of the old colonial elites persisted after independence because they have been reproduced by the new post-colonial elites, thus preventing the emergence of more inclusive local economic and political institutions. Other lines of thought are also possible.

Despite these final remarks, let us return to the essential: Franklin Obeng-Odoom's book is to be read, worked on and completed if we, like him, appeal for an *African renaissance*.

About the reviewer

Abdallah Zouache is Professor of Economics at Sciences Po Lille, France. His current research is concerned with the economic challenges faced by developing countries (especially from the MENA region) in the following interrelated perspectives: the determinants of growth, institutionalism, the role of the colonial legacy, the political economy of reforms and the foundations and practices of economic policy.

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