

Is Africa Growing out of Poverty? Africa's Economic Transition in Historical Perspective

Mark Nyandoro

Senior Lecturer, Department of Economic History, University of Zimbabwe; Water, Irrigation, Energy, Land, Climate Change & Environmental Researcher and Senior Research Associate in the Research Niche for the Cultural Dynamics of Water (CuDyWat), North West University (Vaal Triangle Campus), South Africa

and

Tinotenda Dube

BSc. Hons Candidate in Economics, Department of Social Studies, University of Zimbabwe

ABSTRACT

Economic transition in Africa has gone through different, yet dramatic phases of development characterised by efforts to eradicate poverty. This article analyses the diverse changes in the continent's economic growth-trajectory and post-independence endeavours to grow out of the much-publicised vicious circle of poverty (Young, 2010). The paper, on the basis of qualitative and quantitative research, argues that various international indices to measure poverty exist, but it attributes the success of the continent to achieve growth to income distributional-processes which can be analysed through the lens of continental human-poverty trends. It contends that research provides insights on how poverty in Africa has been spreading. Due to the existence of surplus resources, the World Bank (WB), for instance, anticipated the African continent to show higher growth-rates comparative to the industrialised capitalist world (Omideyi, 2007). Apparently, a higher proportion of poverty within African nations has long been suggested to be a natural phenomenon of the imbalance in world-distribution of income and the outcome of world-historical processes of social change which have been reproduced by globally-structured social relations (Jones, 2005). The paper is unique because it observes that some African nations have seen an important reduction in human-poverty (Collier, 2007) though income-poverty remained high in others. This can be attributed to four main reasons: overdependence by Africa on the production of primary goods which generate limited revenue to sustain growing demands for higher incomes because of falling prices (Brown, 2007); shifts in Africa's economic-capacity caused by structural adjustment policies - meant to release foreign-aid designed to help eliminate poverty, address income inequalities and support long-term, sustainable development - (Cason, 1997; Gatune, 2010; Schwittay, 2011); rapidly falling GDP; and growing poverty. Moreover, the HIV/AIDS pandemic has ruined progress in the continent. Large rural-populations in Africa and rapid urbanisation contributed to extreme poverty causing the provision of basic social-services on the continent to be restricted by government budgetary-constraints and the insufficient ameliorative and palliative public-policy to significantly affect poverty-reduction (Bracking, 2004), thus worsening the situation of Africa. However, rising concerns have contributed to international attention in which poverty-trends (based on income) are continually being tracked. The article concludes that, in spite of the centrality of Africa's vast natural resource-endowment base to domestic and global economic-development, the continent is hardly growing out of poverty due to income disparities and reduced economic activity. Nevertheless, ways of allaying endemic poverty (Ottaway, 1999) can be found within the African context.

Keywords: Africa, income, income inequalities, poverty, economic transition, economic growth, development, African solutions

INTRODUCTION AND SITUATION ANALYSIS

Economic transition in Africa has gone through different, yet dramatic phases of development characterised by efforts to eradicate poverty and inequities which are some of the scourges afflicting a number of countries on the continent.¹ This article's central hypothesis is that poverty in Africa is endemic, yet curable through optimum exploitation of its natural resources and the comparative-advantages to raise incomes that exist in the agricultural, mining, manufacturing and public sectors like water, education, health and transportation. For Africa, basic income fulfillment is an indispensable prerequisite for socio-economic development and eradication of poverty as it has implications on the satiation of people's basic wants. The core of the paper is, thus, a realistic analysis of efforts being made (or not being made) to eliminate structural income inequalities at the national and continental levels to ensure not only growth, but "Growth with Equity" is attained for countries like Zimbabwe whilst safeguarding health and environmental principles. International (global) or intercontinental economic dynamics have been crucial in shaping Africa's economic transition over the years and continue to be; hence they invariably determine, influence and/or control the tempo/rate and extent to which the continent is growing out of poverty.

Diverse changes in the continent's economic growth-trajectory are analysed in the context of post-independence endeavours to grow out of the much-publicised vicious circle of poverty.² The paper, on the basis of qualitative and quantitative research, argues that various international indices to measure poverty exist, but it attributes the success of the continent to achieve growth to income distributional-processes which can be analysed through the lens of continental human-poverty trends. It contends that research provides insights on how poverty in Africa has been spreading. Due to the existence of surplus resources, the World Bank (WB), for instance, anticipated the African continent to show higher growth-rates comparative to the industrialised capitalist world.³ Apparently, a higher proportion of poverty within African nations has long been suggested to be a natural phenomenon of the imbalance in world-distribution of income and the outcome of world-historical processes of social change which have been reproduced by globally-structured social relations.⁴ This means that poverty is not only a purely economic issue.⁵ The paper is unique because it observes that some African nations have seen an important reduction in human-poverty⁶ though income-poverty remained high in others. This can be attributed to four main reasons:

¹ In this article, unless otherwise stated, "continent" is often used to refer to Africa.

² Kurt B. Young, "Africa Must Unite Revisited: Continuity and Change in the Case for Continental Unification", *Africa Today*, Vol. 57, No. 1, Fall 2010, pp. 42-63.

³ Omideyi, 2007.

⁴ Branwen Gruffydd Jones, "Africa and the Poverty of International Relations", *Third World Quarterly*, Vol. 26, No. 6, 2005, pp. 987-1003..

⁵ Hazel Chinake, "Strategies for Poverty Alleviation in Zimbabwe", *Journal of Social Development in Africa*, Vol. 12, No. 1, 1997, pp. 41.

⁶ Paul Collier, "Poverty Reduction in Africa", *Proceedings of the National Academy of Sciences of the United States of America*, Vol. 104, No. 43, October 2007, pp. 16763-16768.

- (a) overdependence by Africa on the production of primary goods which generate limited revenue to sustain growing demands for higher incomes because of falling prices⁷;
- (b) shifts in Africa's economic-capacity caused by structural adjustment policies - meant to release foreign-aid designed to help eliminate poverty, address income inequalities and support long-term, sustainable development⁸;
- (c) rapidly falling GDP; and
- (d) growing poverty.

Moreover, the HIV/AIDS⁹ pandemic has ruined progress in the continent. Large rural-populations in Africa and rapid urbanisation contributed to extreme poverty causing the provision of basic social-services on the continent to be restricted by government budgetary-constraints and the insufficient ameliorative and palliative public-policy to significantly affect poverty-reduction,¹⁰ thus worsening the situation of Africa. However, rising concerns have contributed to international attention in which poverty-trends (based on income) are continually being tracked. These reveal that, in spite of the centrality of Africa's vast natural resource-endowment base to domestic and global economic-development, the continent is hardly growing out of poverty due to income disparities and reduced economic activity.

The historical economic transition of the African continent in the half-century following the attainment of independence by the pioneering nations can be used to discern Africa's innate capacity to grow out of poverty. This article based on the central theme, *New Frontiers in African Economic History*, uses income as one of the measures/indices of poverty. The article is a significant contribution to scholarship given the paucity of the incidence of poverty estimates on the continent. Taking a cue from Ghai and Radwan, when most African countries gained political independence in the 1960s, remarkable attention was focused on combating rural poverty based on employment and agrarian systems.¹¹ In spite of various efforts to solve the problem, mass poverty coupled with high inequality of overall income distribution has remained a crippling problem.¹² Any endeavour, therefore, that proposes a solution to the problem of poverty is plausible to both decision-makers and the research community. Scholarship on the African continent has noted the tremendous controversy around the success/es or failure/s of Africa to grow out of poverty. Several scholars have made significant contributions to the debate on poverty and how it can be defined. Some of the most prominent in this field include Alcock, O'Boyle, Rwomire, Callan and Nolan, Whelan and Whelan, Williams, Mayer and Jencks, and

⁷ Michael Barratt Brown, "'Fair Trade' with Africa", *Review of African Political Economy*, Vol. 34, No. 112, June 2007, pp. 267-277.

⁸ Cason, 1997; Julius Gatune, "Africa's Development Beyond Aid: Getting Out of the Box", *Annals of the American Academy of Political and Social Science*, Vol. 632, Perspectives on Africa and the World, November 2010, pp. 103-120 ; Anke Schwittay, "The Marketization of Poverty: with CA comment by Krista Badiane and David Berdish", *Current Anthropology*, Vol. 52, No. S3, April 2011, pp. S71-S82.

⁹ HIV/AIDS is the Human Immune Deficiency Virus/Acquired Immuno Syndrome Deficiency.

¹⁰ Sarah Bracking, "Neoclassical and Structural Analysis of Poverty: Winning the 'Economic Kingdom' for the Poor in Southern Africa", *Third World Quarterly*, Vol. 25, No. 5, 2004, pp. 887-901.

¹¹ Dharam Ghai and Samir Radwan (eds), *Agrarian Policies and Rural Poverty in Africa*, Geneva: International Labor Office, 1983.pp. 1-311.

¹² Ibid.

Muffels and Vrien, among others.¹³ For Hagenaaars and de Vos, the contentiousness of the issue can be solved on the one hand by attempting a generic definition and measurement of poverty which in itself is an onerous task,¹⁴ and on the other by examining the incidence of continental poverty and its causal/underlying factors. In Hagenaaars and de Vos' view both poverty research and social policy employ a wide variety of poverty definitions which are applicable to one of the following categories: (a) poverty is having less than an objectively defined, absolute minimum; (b) poverty is having less than others in society; (c) poverty is the feeling that one does not have enough to get along.¹⁵ Poverty according to the first category of definitions is absolute, poverty according to the second category is relative, and poverty according to the third category may be absolute or relative, or somewhere in between.¹⁶ The difference between the categories, though, is that the third category defines poverty subjectively, while the first and second define poverty to be an objective situation. All poverty definitions in these three broad categories may result in different estimates of the determinants of poverty and the extent of poverty. Although the definition of poverty is contentious, usually economic research or social policy uses just one of many possible definitions of poverty and disregards the rest. This article agrees with category (a) of definitions. It uses income distributional-processes at various economic levels to demonstrate that poverty (in particular income-poverty) is having less than an objectively defined, absolute minimum. At one level, the identification of the category of the poor as described by Townsend, Desai and Shah, and Hagenaaars,¹⁷ and at another level the understanding of the quantitative aggregation of the poverty gaps of different individuals to establish an overall index of the extent of poverty and how it can be bridged clearly calls for multidisciplinary research.

Measurement of Poverty: The Debates

The severity of poverty across the historical trends of Africa's economic transition, significantly explain a great deal of the continent's progress towards reducing poverty. Most importantly, rigorous debate by scholars surrounds the definition and measurement of poverty in literature, which makes its contextualization more complex. Numerous scholars have made significant

¹³ P. Alcock, *Understanding Poverty*, London: Macmillan Press Ltd, 1993; Edward J. O'Boyle, "Toward an Improved Definition of Poverty", *Review of Social Economy*, Vol. 57, No. 3, September 1999, pp. 281-301; Edward J. O'Boyle, "Human Physical Need: A Concept That is Both Absolute and Relative", in J. B. Davis and E. J. O'Boyle (eds) *The Social Economics of Human Material Need*, Carbondale, Illinois: Southern Illinois University, 1994; A. Rwomire, "Poverty in Southern Africa: Radical Versus Conservative Perspectives", *Peace Research*, Vol. 23, No. 4, 1991, pp. 19-36; T. Callan and B. Nolan, "Measuring Trends in Poverty over Time: Some Robust Results for Ireland 1980-87", *The Economic and Social Review*, July 1989; T. Callan, B. Nolan, B. J. Whelan, C. T. Whelan and J. Williams, *Poverty in 1990s: Evidence from The 1994 Living In Ireland Survey*, Dublin: Oak Tree Press, 1996; S. Mayer and C. Jencks, "Poverty and the Distribution of Material Hardship", *Journal of Human Resources*, Vol. 24, No. 1, 1988; and R. Muffels and M. Vrien, "The Comparison of Definitions of Consumption Deprivation and Income Deprivation", Mimeograph, Tilberg: Tilberg University, 1993.

¹⁴ Aldi Hagenaaars and Klaas de Vos, "The Definition and Measurement of Poverty", *The Journal of Human Resources*, Vol. 23, No. 2, Spring, 1988, p.211.

¹⁵ *Ibid*, p. 212.

¹⁶ *Ibid*.

¹⁷ Peter Townsend, *Poverty in the United Kingdom*, Harmondsworth: Penguin Books, 1979; Meghnad Desai and Anup Shah, "An Econometric Approach to the Measurement of Poverty", London: Suntory Toyota International Centre for Economics and Related Disciplines, 1985; Aldi J. M. Hagenaaars, *The Perception of Poverty*, Amsterdam: North Holland Publishing Co, 1986.

contributions to the debate on poverty. Basically, due to its sound natural resource endowment, the African continent is assumed to be associated with higher positive prospects to ensure long-term economic growth and development. According to Ramirez, “It is a paradox that the continent that provides resources for the rest of the world harbors many of the poorest [people] in the world”.¹⁸ However, the failure of the African continent to elevate the standard of living of its population is of much concern and a constraint to global economic development. As observed by Poku, the most dominant feature about income across Africa suggests that more than 50% of the African population survives on less than US\$1 per day, and this percentage lives on less than US\$2 per week.¹⁹ It is widely understood that the majority of the African population resides in rural areas and depends to a great extent on agricultural production as its major economic activity. Agricultural commodity prices, nevertheless, are mostly determined by global markets and the decisions of global international institutions such as the World Trade Organisation (WTO). Even in the post-independence era, the continent continued to be impoverished and marginalized. One of Africa’s tragedies was that its impoverished nations could not provide rich markets; hence the share in world trade of agricultural products steadily declined, in what Brown has characterized the “[Un] ‘Fair Trade’ with Africa” or Africa’s failure to benefit from the expansion of world trade.²⁰ Therefore, the extent to which Africa can grow out of poverty on the basis of agriculture is limited.

Higher incidence of poverty in Africa is closely linked to the outcomes of historical forces, which are also sustained by global socio-economic and political conditions. For instance, the former colonialists of most African countries robbed the continent of its essential economic resources, particularly mineral wealth. Colonial exploitation of mineral and other resources was entirely artificial. Africa, for instance, had all the mineral resources necessary for industrial development – i.e. gold, coal, iron ore, diamond, chrome, emeralds, platinum, aluminum, tin, lead, zinc, silver and other minerals, in addition to raw materials like cotton and hides for clothing and shoe manufacture. In fact, Africa’s depleting natural resources have been heavily exploited to provide inputs for the developed world’s industrial economies. The continent is then subordinated to the industrially developed European and US economies where most of the raw material processing into finished manufactured goods as well as gold and oil refining takes place, a phenomenon that has accentuated Africa’s failure to industrialize.

Historically, the Atlantic slave trade - an illegitimate and racial chauvinistic form of commerce - also negatively affected Africa’s economic capacity for growth by diminishing its most productive and efficient human resources for the benefit of the high income countries. Racism had the effect of turning resources for the benefit of the dominant powers. Racism, mostly racial discrimination between blacks and whites affected the distribution of income and poverty among different races. For example, in South Africa, income is strongly related to race where 20% of the predominantly white population accounts for 70% of the national wealth.²¹ Most commonly,

¹⁸ J. M. Ramirez, “Peace and Development in Africa”, *International Journal on World Peace*, Vol. 22, No. 3, 2005, pp. 51-73.

¹⁹ N. K. Poku, “Poverty, Debt and Africa’s HIV/AIDS Crisis”, *International Affairs*, Vol. 78, No. 3, 2002, pp. 531-546.

²⁰ Michael Barratt Brown, “‘Fair Trade’ with Africa”, *Review of African Political Economy*, Vol. 34, No. 112, June 2007, p. 268.

²¹ A. Rwomire, “Poverty in Southern Africa: Radical Versus Conservative Perspectives”, *Peace Research*, Vol. 23, No. 4, 1991, pp. 19-36.

inequality tends to reduce the ability of income growth to combat poverty and sometimes results in civil conflicts and wars, as happened in Somalia, Sierra Leone, the Sudan, and most recently in North African revolutions (Morocco, Egypt and Libya) and civil strife in Nigeria spearheaded by Bokoharam insurgency) which also increase the incidence of poverty.

Lack of good governance (e.g. corruption and unfavorable government policies) as well as low quality institutional structures have resulted in failure of natural resources, especially minerals to provide national earnings and foreign exchange necessary for sustainable growth and equitable development. In particular, some African countries with deep-rooted corruption, for example, Nigeria, Ghana, Zimbabwe, Burkina Faso and others are associated with stagnated growth. In particular high corruption results in a large share of the national cake being appropriated by the political and economic elite resulting in widened inequality and poor growth patterns. Prudent public policies are essential for economic development. At the same time, institutional amendments and developments are necessary in order to eliminate rent seeking opportunities and for creating a business-favorable environment.

Most frequently, significant socio-economic and wealth distribution disparities tend to reduce the ability of income growth to combat poverty. Africa is lagging behind the industrialized countries in development due to these factors coupled with its heavy dependency on primary commodities for sustaining livelihoods. The discrepancy in development, has prompted Shao, though controversially, to argue that “African countries could easily [be synonymous with] the slums of the industrial world”.²² Clearly, in some countries such as South Africa industrial progress has taken place, but the African continent in general requires critical policy adjustments and commitment to reduce poverty.

The Economic Structural Adjustment Programmes (ESAPs) adopted by several governments between the 1960s and the 1990s have been a bane to economic growth in Africa. ESAP policies significantly affected poverty structures in Africa. A number of African economies implemented the International Monetary Fund (IMF) and World Bank (WB) policy packages as a pre-condition to acquire loan access. For Mlambo, ESAP in Zimbabwe (1990/91) was initially intended to be part of a balance of credit agreement²³ to offset the financial crisis facing the country during the economic downturn of the early 1980s. In return, Zimbabwe in 1991 agreed to devaluation, restoration of internal and external balance of payments, cuts in development programmes and government subsidies which were crucial in economically cushioning the ordinary people.²⁴ Thus, the state, which used to play a pivotal role in cushioning the small and big farmers as well as the industrial manufacturers from several problems via subsidies and other expedient measures, had been forced by ESAP to take a back seat. A lot of financing and marketing hitches arising from the vacuum left by a retreating state were witnessed. Farmers, for example, were invariably made to scout for their own markets especially against the backdrop

²² J., Shao, “Alleviating Poverty in Africa: Keynote Address”, *Transformation*, Vol. 17, No. 4, 2000, pp. 126-130.

²³ A. S. Mlambo, *The Economic Structural Adjustment Programme: The Case of Zimbabwe, 1990-1995*, Harare: University of Zimbabwe Publications, 1997, p. xi.

²⁴ *Ibid.* Structural Adjustment Programmes (SAPs) in the developing world were designed jointly by the IMF and the WB. It is not surprising that save for Ghana, which is venerated as an example of success, SAPs were characterised by failure wherever they were adopted mainly because they failed to take local economic, social, geo-political and other conditions into cognisance; hence they had a debilitating impact on African industrialisation. The programmes actually marked the beginning of the de-industrialisation process for the continent.

that it was not easy for smallholder agrarian entrepreneurs to penetrate the more lucrative foreign or international markets let alone solicit for independent or private funding of their operations. The expectation that there would be increased smallholder or black farmer participation in the government's new export production policy was nullified by the lack of equal commitment on the part of the same government to use ESAP to integrate on advantageous terms this group of farmers.

The new export environment provided by ESAP gave the large and predominantly white commercial farmers so many comparative advantages despite the fact that they devoted smaller amounts of land than expected to new export crops, in particular, horticultural crops. Multinational Corporations (MNCs) and white commercial farmers enjoyed the marketing opportunities availed by the programme to large business concerns. Indeed, one of the most often repeated charges against SAPs is that they benefited the big companies and the wealthy members of society at the expense of the poor.²⁵ Small businesses could not penetrate the new markets created by ESAP. Clearly, the disparities in income and other wealth-enhancing opportunities between black and white farmers became wider. In some instances, the gap between black farmers themselves increased as ESAP-induced poverty took its toll. The socio-economic effects of the new programme, therefore, are fundamental to understanding burgeoning rural poverty, which occurred at the height of the rhetoric of globalisation and economic prosperity for developing nations.

Indeed, ESAP was hatched as part of a programme to integrate Zimbabwe into the rapidly globalising world. For Mlambo and Pangeti, globalisation entailed the internationalisation of corporate production, distribution of goods and services as well as the removal of all institutional barriers to trade and capital to facilitate the opening up of markets,²⁶ but it was not a secret that to achieve the opening up of markets government should withdraw its active role in directing the economy.

Clearly, ESAP in Zimbabwe, which was part of a push to open up the economy to the outside world, was externally imposed although no economic crises prevailed apart from frequent droughts, declining external terms of trade and low levels of foreign investment, which in turn led to low levels of employment growth.²⁷ Since ESAP was introduced in 1990/91, the policies influencing the nature and scale of agricultural and industrial development in the whole country have been changing in tandem with changing and varied agrarian and industrial incentives,

²⁵ Mlambo, *The Economic Structural Adjustment Programme*, p. xi. Studies in other parts of the world also confirm this. See also J. Roddick, *The Dance of the Millions: Latin America and the Debt Crisis*, London: Latin American Bureau, 1988; M. B. Brown and P. Tiffen, *Short Changed: Africa and World Trade*, London: Pluto, 1992; and W. Bello, *Dark Victory: The United States, Structural Adjustment and Global Poverty*, London: Pluto Press, 1994.

²⁶ Alois S. Mlambo and Evelyn S. Pangeti, "Globalization, Structural Adjustment and the Social Dimensions Dilemma in Zimbabwe, 1990-1999," in Taye Assefa, Severine M. Rugumamu and Abdel Ghaffar M. Ahmed, *Globalization, Democracy and Development in Africa: Challenges and Prospects*, Addis Ababa: Organization for Social Science Research in Eastern and Southern Africa/OSSREA, 2001, p. 163.

²⁷ Stoneman, 1992 and Gibbon, 1995 cited in Sam Moyo, *Land Reform Under Structural Adjustment in Zimbabwe: Land Use Change in the Mashonaland Provinces*, Stockholm, Sweden: Elanders Gotab, 2000, p. 18.

which were globally determined.²⁸ Production processes became oriented more towards the needs of global markets to the detriment of the local markets and local producers.

Specifically, due to strained government budget and/or recurring budget deficits many African governments could not resist the terms and conditions that came with the IMF and WB loan facilities. Among the recipients of the adjustment loans, some policies were consistently administered and others were inconsistently conceived resulting in either favorable or adverse outcomes. Between 1960 and 1980, Africa's GDP average annual growth rate went down from 4.1 % to 3.1% and also during the same period GDP per capita also declined from 1.3% to -1.9%.²⁹ However, according to the WB, ESAP reform policies have been associated with considerable economic recovery. Since 1981 the proportion of people surviving below \$1 per day fell by one half.³⁰ This is perhaps least surprising because these estimates were provided by the WB, a clearly interested player.

Nevertheless, market and trade reforms influenced income distributional impacts within and across different household groups, but structural adjustment policies lacked the "whole human body" as indicated by increasing and rising poverty of the working population.³¹ In Zimbabwe and other countries it led to massive retrenchments of workers. Hordes of people were made economically redundant when they lost their jobs during massive retrenchments from agriculture, manufacturing industry, mining centres and urban trades. These people were either released into the rural economy where opportunities to start a new life as a farmer were limited or they opted to stay in the cities where they led miserable and poverty-stricken lives, without an income to fall back on. In Zimbabwe, the early 1990s experienced a huge rural influx of "immigrants" most of whom were retrenched from the giant Zimbabwe Iron and Steel Company (ZISCO),³² ZIMASCO, the state-run ARDA Estates, the agricultural marketing parastatals (COTTCO, GMB and AMA), the large David Whitehead textile industries and other companies in Harare, Bulawayo, Gweru, Mutare, Masvingo, Zvishavane, Mashava, Kwekwe, Kadoma, Chegutu and growth centres (growth points) et cetera. Several skilled and semi-skilled workers were laid off from their jobs as a result of the effects of ESAP as enterprises began to downsize their operations.

²⁸ For a detailed examination of the socio-economic and political consequences of ESAP in parts of Zimbabwe see Moyo, *Land Reform Under Structural Adjustment in Zimbabwe*, pp. 11-176.

²⁹ J. M. Ramirez, "Peace and Development in Africa", *International Journal on World Peace*, Vol. 22, No. 3, 2005, pp. 51-73.

³⁰ D. Dollar, "Globalization, Poverty, and Inequality since 1980", *The World Bank Research Observer*, Vol. 20, No. 2, 2005, pp. 145-175.

³¹ A. I. Samatar "Structural Adjustment as a Development Strategy? Bananas, Boom, and Poverty in Somalia", *Economic Geography*, Vol. 69, No. 1, 1993, pp. 25-43.

³² ZISCO Steel in Redcliffe, Kwekwe, was formerly known as the Rhodesia Iron and Steel Company (RISCO). It is the largest iron and steel firm in Zimbabwe located about 150 km from Sanyati town. In the 1980s and 1990s the firm faced a lot of financial and viability problems, which led to the scaling down of its operations. This resulted in the forced retrenchment of many skilled as well as semi-skilled workers. In October 1993 alone, 1, 000 workers were retrenched and awarded packages of between Z\$3 000,00 and Z\$7 000,00. For a comprehensive analysis of the performance of ZISCO Steel in historical context see E. S. Pangeti, "The State and Manufacturing Industry: A Study of the State as Regulator and Entrepreneur in Zimbabwe, 1930 to 1990", PhD thesis, Harare: University of Zimbabwe, December 1995.

In cases of improved trade openness, poor households, especially those involved in the production of tradable products (agricultural products e.g. tobacco, coffee, tea, cocoa) were largely better-off compared to the non-poor, particularly those who were involved in the production of non-tradables (e.g. construction workers).³³ Falling terms of trade (domestic terms of trade) of non-tradable products against tradable-products resulted in the poor and the non-poor involved in the production of non-tradable products experiencing a fall in real income. This was mainly due to substantial reduction in trade restrictions which tended to raise the prices of tradables relative to non-tradables. Among the poor agricultural households, food-crop producers benefited relatively more from market liberalization compared to export crop producers, since impediments to trade were not completely removed. However, this reflected the attractiveness of food-crop to export-crop production. Apart from the terms of trade loss, between 1970 and 1990 Africa lost 50% of its global market to other developing nations. In monetary terms this equated to about US\$70 billion per annum. Thus, its loss per year of approximately US\$70 billion was just three times its debt service.³⁴ Hence, associated income discrepancies (between high and low income earners) remained a major challenge to the reduction of mass poverty on the continent.

Fiscal consolidations, specifically reduction in government spending encouraged by ESAP (e.g. limited provision of social safety nets) generally increased the cost of living. Strategies to ease fiscal budgets constituted reduction in freely offered goods and services (e.g. free education and medical care) so as to channel expenditure towards the most productive sectors of the economy. The biased pattern of government spending strongly undermined long-term development, for instance improved medical care and increased education which were offered as free services. Clearly, health and education delivery led to a highly productive local workforce which was partly responsible for attracting some foreign investment. Nevertheless, Harber argues that “Net foreign investment in Sub-Saharan Africa dropped dramatically from US\$1,22 billion in 1982 to US\$498 million in 1987”.³⁵ Although to some extent the subsequent privatization of some social services improved the quality and accessibility of education and health services, negative consequences such as retrenchment of workers generated macro-economic imbalances (i.e. high unemployment rates). In Winters, McCulloch and McKay’s opinion, for macroeconomic stability to be achieved it is important to appreciate that the social services sector is as important as other so-perceived highly productive sectors like agriculture and mining.³⁶ Nevertheless, some African countries that achieved macro-economic stability and institutional improvement also experienced significant reduction in poverty. Meanwhile, for Christiaensen, Demery and Paternostro, macro-economic instability and poor institutional arrangements among other countries influenced substantial increases in poverty.³⁷ This signified that macro-economic stability was responsible for significantly enhancing poverty reduction in Africa. Since 1981 the proportion of people surviving below US\$1 per day may have fallen by one half generally, but for some African countries especially the fragile, politically-repressive and war-torn ones the figure for the 2000s

³³ D. E. Sahn, “On Economic Reform, Poverty, and Nutrition in Africa”, *The American Economic Review*, Vol. 84, No. 2, 1994, pp. 285-290.

³⁴ R. Calderisi, “The World Bank and Africa”, *Transformation*, Vol. 17, No. 4, 2000, pp. 132-135.

³⁵ C. Harber, “Education, Democracy and Poverty Reduction in Africa”, *Comparative Education*, Vol. 38, No. 3, 2002, pp. 267-276.

³⁶ Winters, McCulloch and McKay, 2004 .

³⁷ L. Christiaensen, L. Demery and S. Paternostro, “Macro and Micro Perspectives of Growth and Poverty in Africa”, *The World Bank Economic Review*, Vol. 17, No. 3, 2003, pp. 317-347.

may have fallen below that.³⁸ However, since 1980, poverty rates according to Fosu exhibited a downward trend throughout the rest of the world, excluding Sub-Saharan Africa, the only region with the majority of its population still living on less than a dollar per day, and still predominantly agrarian, not industrial.³⁹ It is clear that, economic growth failed to keep pace with the estimated rapid population growth of approximately more than 3% in Sub-Saharan Africa. Therefore, since Sub-Saharan Africa is home to more than 80% of Africa's population, using per-capita income as a measure of poverty, high poverty rates across Africa are clear. The question to ask then is, can natural resources which Africa is blessed with be used to take the continent out of abject poverty?

Will Natural Resources Grow Africa Out of Poverty?

Africa is highly expected by social commentators to foster long-term economic development through capitalization on its vast natural resource base. In order to intensively exploit the natural-resource-driven comparative advantage, African economies tend to specialize in primary commodity production, mostly mining and/or agricultural-dominated activities. Thus, the continent depends much on imports for most of its manufactured products. Its level of processing is generally low. For Mellor and Ranade, in low-income African countries, agriculture does not only contribute to GDP growth, but also helps in reducing poverty.⁴⁰ Due to its size, agriculture tends to be the dominant business in terms of both employment and contribution to GDP. According to Janvy and Sadoulet, GDP growth originating from agriculture induces income growth among 40% of the poorest people which is three times larger than growth originating in the rest of the economy.⁴¹ Because most of the poor are highly concentrated in agricultural production, agricultural development would on average contribute to overall reduction in poverty. Dasgupta argues that, the declining population growth rate is associated with falling "resources per capita" in most African countries.⁴² Declining per-capita income among agrarian economies is linked to a number of factors which may include; falling terms of trade, low agricultural productivity/output, use of backward technologies, price fluctuations (limited market control).

Low agricultural productivity partly arises from the use of inferior technology which in turn leads to low yields. Low yields mean less income and this makes farmers poor as they hardly realize an agricultural or income surplus. By extension, this implies little savings by agriculture, which is a constraint to the development of the agricultural sector and growth of the non-agricultural sector through surplus capital extraction. The lack of a surplus results in retarded economic growth. In such instances, agriculture fails to maintain highly productive levels due to lack, among other things, of investment/s in farm equipment (machinery), chemicals (fertilizers) and repair services. The failure, for instance, to repair existing machinery (which might be

³⁸ D. Dollar, "Globalization, Poverty, and Inequality since 1980", *The World Bank Research Observer*, Vol. 20, No. 2, 2005, pp. 145-175.

³⁹ A. K. Fosu, "Inequality, Income, and Poverty: Comparative Global Evidence", *Social Science Quarterly*, Vol. 91, No. 5, 2010, pp. 1432-1446.

⁴⁰ J. W. Mellor and C. Ranade, "Why Does Agricultural Growth Dominate Poverty Reduction in Low-and Middle-income Countries?" *The Pakistan Development Review*, Vol. 45, No. 2, 2006, pp. 221-240.

⁴¹ A. Janvy and E. Sadoulet, "Agricultural Growth and Poverty Reduction: Additional Evidence", 2009 at <http://wbro.oxfordjournals.org>, Retrieved 19 July 2015.

⁴² Dasgupta, 1992.

limited in number and efficiency) leads to a further fall in productivity which increases the incidence of poverty. For it to contribute significantly to the overall growth of the economy, the agricultural sector needs technological innovation and mechanization. An increase in agricultural productivity therefore ensures that non-farm households face lower prices hence they may increase domestic savings (which contribute to national savings) to finance investment and growth. With improved savings, surplus labour becomes available for both transfer to industry and to increase productivity in the modern, capital-intensive non-agricultural sector. Nevertheless, it is critical that agricultural productivity grows faster than the population growth rate in order to match food and product demand. Mehrotra, Vandemoortele and Delamonica argue that rural poverty is more severe in less technologically innovative villages than in the more technologically-oriented ones.⁴³ Domestic and international trade policies can be adjusted to encourage growth and help in the eradication of poverty.⁴⁴ For example, agricultural development schemes with a 100% subsidy on agricultural inputs may be necessary to support the mechanization of the agricultural sector as far as it is considered to be the most important engine of growth for a developing economy.

Agricultural production, of course, is vulnerable to natural disasters such as drought, floods, wind, pests, animal diseases and fire. For instance, due to lack of sufficient irrigation facilities in Sub-Saharan Africa, the continent is more vulnerable to famines and increasing poverty. For Buntin, “Hunger is but one facet of poverty in the developing world”.⁴⁵ Drought is mainly associated with food shortages in agricultural-oriented economies and it is therefore a threat to food security. The availability (for instance in the Sudan) of irrigation systems, according to Gaitskell, enhanced stability in crop production and was, under conditions of erratic rainfall, bound to have a beneficial effect on Africa.⁴⁶ In augmenting this point, he makes a justification for the establishment of irrigation schemes by the colonial State for some of the following reasons:

- (a) to have water conservation in a bid to fight hostile immutables like erratic rainfall and massive run-off as central and pivotal to developmental policies; and
- (b) to have irrigation schemes as an insurance against the dry years, and as a local source of famine relief in the drought-stricken areas.⁴⁷

Although many countries (Nigeria, Ghana, Zimbabwe etc) that followed the international financial institutions funded adjustment policies since their inception have failed to maintain sustainable growth, the significance of foreign aid, particularly donors is still important for the development of the agricultural sector where African governments may not provide adequate incentives and support. Agriculture in Africa has been largely affected by drought, the dependency by governments on this sector (agriculture) and high population growth rates.⁴⁸

⁴³ S. Mehrotra, J. Vande Moortele and Delamonica, “Relocating Public Spending for Basic Social Services in Developing Countries”, Vol. 33, No. 27, 1998, pp. 1717-1724.

⁴⁴ S. Roy, “Globalization, Structural Change and Poverty: Some Conceptual and Policy Issues”, *Economic and Political Weekly*, Vol. 32, No. 33/34, 1997, pp. 2117-2135.

⁴⁵ Buntin, 1972.

⁴⁶ A. Gaitskell, *Gezira: A Study of Development in the Sudan*, London: Faber and Faber, 1959, p. 49.

⁴⁷ Ibid.

⁴⁸ Khan, Chaudhry and Qureshi, 1986.

Agriculture also needs sound conservation management. Weak and unsustainable environmental management practices compromise Africa's environmental quality which in turn impacts agriculture and other economic sectors negatively. Generally, over extraction of natural resources is a big challenge for the continent as it is associated with diminishing environmental quality and also reduced standard of living. For example, mining can be a profit-generating business, but mine dumps and associated Acid Mine Drainage (AMD) make the land unsuitable for farming activities thereby undermining the important contribution of both mining and agriculture to GDP. For example, the estimated annual cost of environmental degradation in Africa is approximately 6% of GDP.⁴⁹ This figure is representative of African countries which are severely affected by land degradation (serious deterioration in soil fertility) - a factor which reduces crop yields, especially when farmers are so poor to acquire fertilizers to rejuvenate the soil productive potential.

Africa's poverty situation is exacerbated by increased manufactured/synthetic substitutes resulting in the contracting share of agricultural products on the world market. About 85 to 95% of Africa's export earnings are dominated by primary products. Prolonged falling primary product or commodity prices against manufactured goods prices, is a big constraint to growth. According to Sideri, a fall in Africa's terms of trade was approximately equal to its debt service.⁵⁰ This helps to explain the constraints being faced by most African governments when it comes to debt repayments. Falling terms of trade imply that developed economies are growing at the expense of low-income countries, since developing countries would require more and more exports to acquire the same or less imports from advanced economies. Delamonica contends that Africa's level of economic activity kept declining even during the phase of economic expansion in developed countries.⁵¹ However, part of that growth can also be attributed to the exploitation of African, Asian and Latin American resources. In fact, primary commodity exports by African economies have been and continue to be part of the vehicle for the expansion of the economies of most developed countries in the world.

Generally, a positive growth in commodity prices would accelerate the growth of several African nations. Deaton acknowledges stochastic commodity price movements - i.e. unpredictable movement in prices, making it difficult for policy-makers to cope. Despite the adverse policy implications, Deaton nevertheless believes in the existence of a strong positive link between growth and commodity price movements.⁵² Clearly, though, the unpredictable behaviour of primary product prices makes it difficult to achieve agricultural-induced growth for Africa. Value addition (beneficiation) could be the engine for the development of African economies out of their vast natural resource base.⁵³ It would be important to boost the number of processing plants because improved processing of raw materials will lead to the long-term growth of the continent. An increase in processing industries creates employment opportunities and boosts domestic demand, hence expansion in real GDP. Some of the arguments proposed by Sachs and

⁴⁹ Mustafa, 2008.

⁵⁰ S. Sideri, "External Financial Flows: The Case of Africa", *African Review of Money Finance and Banking*, 1, 1992.

⁵¹ S. Mehrotra, J. Vande Moortele and Delamonica, "Relocating Public Spending for Basic Social Services in Developing Countries", Vol. 33, No. 27, 1998, pp. 1717-1724.

⁵² Deaton, 1999.

⁵³ Brown, "'Fair Trade' with Africa".

others, however, explain the vulnerability of Sub-Saharan Africa falling into the poverty trap as the region's livelihood is largely dependent on agriculture.⁵⁴ To compete on an equal footing with developed countries the continent needs to come up with novel technologies and innovations. Africa tends to lose a large share of its world market to developing economies and technologically sophisticated economies like the USA and Australia. Consequently, its relatively inferior and deteriorating transport infrastructure increases transaction costs which also leads to constrained interaction (at the market level) with other high-income trading partners. A limited market also impedes foreign exchange financed growth. Economic growth based on primary production furthermore needs prudent economic governance and institutional systems that are working well. Ploeg for example argues that, growth based on primary product export earnings can be undermined by poor institutional frameworks and corrupt governments.⁵⁵ Generally, corruption leads to an uneven distribution of wealth and makes it difficult to achieve substantial poverty reduction among the affected people. According to Roy, developing countries, therefore, should reverse comparative advantage-based policies and advocate protectionist measures so as to compete for equal opportunities on the world market as a basis for building and consolidating domestic industries.⁵⁶

Income growth on its own is inadequate to raise the well-being of the rest of the poor, though it is necessary to minimize poverty.⁵⁷ Insufficient supply of social services threatens to undermine efforts to reduce poverty in Africa. Inadequate basic social services such as food, shelter, clothing and access to safe water, thus, increase the incidence of poverty. Despite important measures to meet consumptive requirements and poverty reduction in Africa, malnutrition remained high and the infant mortality rate (below the age of five) was more than 100 per every 1000 during the 1990s.⁵⁸ Malnutrition and limited health services make the poor vulnerable to various diseases.⁵⁹ It is also one of the indicators of a low standard of living on the continent, and indeed of the high incidence of poverty. Poverty is worsened in some countries by African governments which incur an annual bill of about US\$8 billion on the military and the importation of weapons of war.⁶⁰ Whilst this is good for the protection of citizens, in times of peace some such government spending does not help directly improve the economic welfare of the poor. It should be noted that military expenditure also has an opportunity cost. Funds, where necessary, could be productively utilized in other sectors of the economy or in improving social services; in particular those that help reduce widespread poverty.

Endemic poverty breeds brain drain. Alongside the impact of brain drain, deaths related to diseases like cholera, HIV/AIDS, malaria and cancer resulted in substantial loss of human

⁵⁴ J. D. Sachs, J. W. McArthur, G. Traub, M. Kruk, C. Bahadur, M. Fage and G. McCord, "Africa's Poverty Trap", *Brookings Papers on Economic Activity*, 1, 2004, pp. 117-216.

⁵⁵ Ploeg, 2011.

⁵⁶ S. Roy, "Globalization, Structural Change and Poverty: Some Conceptual and Policy Issues", *Economic and Political Weekly*, Vol. 32, No. 33/34, 1997, pp. 2117-2135.

⁵⁷ D. Tray and M. Irfan, "Reducing Poverty in Developing Countries-Some Basic Principles for Policy Design [With Comments]", *The Pakistan Development Review*, Vol. 28, No. 4, 1989, pp. 437-463.

⁵⁸ L. Christiaensen, L. Demery and S. Paternostro, "Macro and Micro Perspectives of Growth and Poverty in Africa", *The World Bank Economic Review*, Vol. 17, No. 3, 2003, pp. 317-347.

⁵⁹ Ibid.

⁶⁰ C. Harber, "Education, Democracy and Poverty Reduction in Africa", *Comparative Education*, Vol. 38, No. 3, 2002, pp. 267-276.

resources in Africa (human capital loss). The “disease burden” largely contributes to the strained recovery of many ailing African economies. Estimates suggest that, out of the 57 million deaths occurring each year in Africa about 6 million are attributable to cancer, and 3 million to HIV/AIDS, with the majority taking place in the developed world.⁶¹ HIV/AIDS and most recently Ebola have evidently eroded a significant proportion of Africa’s economic capacity. Since the early 1980s AIDS alone killed approximately 6 to 7 million Africans.⁶² Africa’s intellectuals, professionals and technicians have succumbed to the AIDS pandemic. The quality of education, for instance, is gradually declining. The education sector and indeed other sectors of the economy have been adversely affected by increasing deaths of both children (students) and adult qualified personnel (teachers, lecturers etc). AIDS-related illnesses also increased pressure on health delivery and the fiscus (government budgetary plans). Governments and businesses concerns faced increased costs of hiring and training new workforce in trying to combat the impact of AIDS and the loss of experienced personnel. Firms suffered losses associated with increased medical costs and loss of productivity among other factors. Whiteside claims that, the implications of AIDS significantly raise poverty rates by stimulating an 80% fall in household income.⁶³ HIV/AIDS victims often face increased medical expenses, and most poor households end up disposing hard-earned cash (incomes), their assets (livestock, agricultural tools and other personal possession acquired over many years) to combat the disease. The result is loss of both current and future income. Obviously, the inter-generational impact of AIDS subjects the poorest categories of people into a vicious cycle of poverty. The lack of public health-care policy with inbuilt palliative care systems to cater for the poor majority in most African countries deepened HIV/AIDS implications. In 2002, Uganda for instance was the only African nation with palliative care as part of its public policy. This examination, in relation to only one pandemic, therefore translates to the quantifiable loss of Africa’s most productive resources and skills needed to foster sustainable economic development.

Viewed from an economic growth perspective as well as a resource-base, Africa will need to harness its “abundant” resources to steer itself out of poverty. At this juncture, African economic growth can be analysed in two main ways based on the lessons that can be learned from how the USA pioneered their own economic transformation. Firstly, it is true that Africa is perceived as having vast potential [privileged position] for economic growth; and secondly the continent is generically seen as economically stagnant/stagnating [underprivileged or poor position], if not retrogressing. “Potential” implies that growth is still latent or possible if certain conditions are met. “Stagnation” refers to an economy that is lethargic and lacking the necessary dynamism to push it forward. As already noted, there are diverse ways of measuring wealth, but if income can be held to be a constant factor and a major analytical tool, then it can be used to gauge continental (African) growth, yet recovery particularly for weak economies. Thus, African economic recovery for fragile economies is predicated on eliminating income inequalities and on implementation proactive public sector strategies to raise incomes to sufficient levels to prevent the continent falling further into the economic abyss.

⁶¹ R. Webster, J. Lacey and S. Quine, “Palliative Care: A Public Health Priority in Developing Countries”, *Journal of Public Health Policy*, Vol. 28, No. 1, 2007, pp. 28-39.

⁶² Poku & Freedman, 2005.

⁶³ A. Whiteside, “Poverty and HIV/AIDS in Africa”, *Third World Quarterly*, Vol. 23, No. 2, 2002, pp. 313-332.

As far as natural resources in Africa are concerned, scholars, economic development planners and analysts have generally overplayed the role of Africa's resource endowment as the basis of the continent's economic transformation. It has been emphasized that the abundance of natural resources in Africa constitutes the core of its developmental trajectory. Many scholars posit that "the motherland" is rich, *inter alia*, in land (fertile soils for agriculture), water, precious minerals (gold, diamond, aluminum, platinum, oil), forests/timber and rubber. They claim that abundant natural resources which include rich mineral deposits (ores), abundant water supplies, good pasture (grazing land), vast tracts of arable land, abundant flora and fauna, and abundant sunlight for the generation of solar energy (as a substitute for non-renewable energy forms) are central to Africa's growth.

However, an assessment of Africa's economic transition over millennia reveals that the availability of natural-resources theory alone is not sufficient to explain the continent's growth out of the much-talked about poverty. The theory is weak and paradoxical because it fails to account for Africa's poverty despite its avowed abundance of raw materials. Why Africa is poor in spite of its plentiful resources also indicates that "relative resource-abundance did not [necessarily] mean that the region was generally 'resource-rich' ".⁶⁴ Clearly, natural resources are an essential part of economic growth and poverty eradication, but to answer the question whether "Africa is growing out of poverty" or, in future, "will grow out of poverty", the analysis departs from a mono-causal orientation (i.e. availability of natural resources) to efficient utilization of these resources and other development dynamics as happened in the USA; and income is a vital corollary to this.

Outside Africa for example, due to improved business entrepreneurship and increased incomes, by 1900 the United States of America (USA) emerged as the most industrialised nation in the world. By the First World War (WWI) it had transformed itself from a debtor nation to a creditor nation. That is, up to 1900 it was a borrower of money, but after 1900 it was a lender of money. This phenomenally rapid economic transformation in the USA did not take place in a vacuum. A combination of favourable factors stimulated growth. These included the country's abundance, quality and availability of natural resources like land (the basis of the national economy) which produced enough surplus/es to generate industrial capital. According to Bruchey, given the overwhelmingly agricultural character of the colonial economy, it is clear that land formed by far the most important constituent of capital.⁶⁵ The available land led to agricultural production for the market and in turn provided a market for other sectors of the US economy. Compared to America, how crucial a factor, then, in aiding economic growth is the availability of land resources in Africa? In attempting to answer this question it must be noted that America was,

⁶⁴ Gareth Austin, "Resources, Techniques, and Strategies South of the Sahara: Revising the Factor Endowments Perspective on African Economic Development, 1500-2000", *The Economic History Review*, New Series, Vol. 61, No. 3, August 2008, p. 589.

⁶⁵ Stuart Bruchey, *The Roots of American Economic Growth, 1607-1860: An Essay in Social Causation*, New York: Harper and Row Publishers, 1965. See also R. Heilbroner and Aaron Singer, *The Economic Transformation of America to 1865*, Fort Worth: Harcourt Brace College Publishers, 1994; E. A. J. Johnson and Herman E. Kroos, *The Origins and Development of the American Economy: An Introduction to Economics*. Englewood Cliffs: Prentice-Hall, 1953; Douglas C. North, *Growth and Welfare in the American Past*, New Jersey: Prentice Hall College, December 1982; Douglas C. North, *The Economic Growth of the United States, 1790-1860*, New York: W. W. Norton, 1966; and Peter Temin, *Causal Factors in American Economic Growth in the Nineteenth Century*, London: Macmillan Press Ltd, 1975.

indeed, not the only country with a land basis and numerous natural resources. Britain (a developed industrial capitalist country), Brazil and many developing nations in Latin America, Asia and Africa are richly endowed with natural resources such as land, but some of them are still poor and not yet industrially developed. In Asia, Japan is an exception. It has limited natural resources, but it is one of the richest countries in the contemporary world. Thus, land which Africa seems to have in abundance may not be the only crucial factor. It must be noted that resources until fully utilised are as good as bad. According to Schumpeter, development consists primarily of employing existing resources in a different way, in doing new things with them regardless of whether those resources increase or not.⁶⁶ That is, the quantity and quality of natural resources depend not alone upon nature but upon humankind as well (i.e. on knowledge generated by people). In this regard, Marshall (1930) the eminent nineteenth-century English economist cited in Bruchey, made an illuminating remark: “Knowledge is our most powerful engine of production; it enables us to subdue nature and force her to satisfy our wants” or “knowledge enables us to utilise those resources [efficiently]”.⁶⁷ Thus, the plentifulness of natural resources coupled with humankind’s innovativeness, complemented, *inter alia*, by other factors i.e.

- (a) the availability of large outlays of capital;
- (b) almost synonymous with the availability of capital was the growth of an entrepreneurial class or entrepreneurial ingenuity (Yankee ingenuity);
- (c) technological improvements leading to mechanization;
- (d) encouragement of banking and investment to boost the financial and economic environment;
- (e) availability of ample power resources;
- (f) availability of lucrative markets; and
- (g) conducive government policies to economic growth, including the provision of public services and infrastructure]

launched America on the path towards rapid economic growth.

Africa may not need to follow the same path, but initiatives that help boost incomes for its diverse economic, political and cultural societies are indispensable. In order to move Africa to world pre-eminence in industry and economic growth, nations on the continent should replace the inherited colonially-oriented economies. For example, income and other profit-generating options such as improving nutritional levels, environmental management of the said resources and improvement of social services (water, energy, transportation etc) will have to be considered to increase real incomes for Africa’s ever growing population. The four basic strategies to boost continental incomes or the lack of which caused income-poverty levels to remain high have already been identified. They also include a fifth that is how to arrest the spiralling HIV/AIDS pandemic which is threatening to ruin economic growth and progress on the continent. The full implementation of these strategies would help add value to the much-touted primacy of Africa’s natural resource-base.

⁶⁶ Schumpeter, *The Theory of Economic Development*.

⁶⁷ Alfred Marshall cited in Bruchey, *The Roots of American Economic Growth*.

To narrow, yet eliminate the widening poverty gap in Africa despite the existence of natural resources more innovative options of capital formation and employment generation would need to be devised. One of the chief strategies to be adopted would be an income-expansion policy covering all strata of social and economic life. In order to achieve growth income disparities will have to be bridged and closed. Although data on income is not plentiful, what exists can be utilized to come up with a strong argument on how income can be an effective tool towards poverty elimination as illustrated in scholarly debates.

Conclusion

All in all, efforts to reduce poverty in Africa faced numerous constraints. Incomes generated out of Africa's abundant natural resource wealth failed to enhance equitable and sustainable development, thus there is need to at least to guarantee that the poor equally benefit from any real growth in national income. Declining levels of economic activity in Africa could be addressed by enhancing a business-conducive environment. That is, apart from the availability of natural wealth, sound maintenance and investment in infrastructure as well as improvement in social services might complement and maintain Africa's comparative advantage. On the other hand, international commitment remains crucial to promote the prolonged expansion of African economies. Maintenance of peace, good governance and good international relations by African nations necessitate the global commitment needed to alleviate poverty. Therefore, to grow out of poverty, Africa needs to minimize or eliminate constraints to income growth.

The article concludes that, in spite of the centrality of Africa's vast natural resource-endowment base to domestic and global economic-development, the continent is hardly growing out of poverty due to income disparities, lack of real incomes, reduced economic activity, dependency on primary products, unemployment and disease, among others. For Africa, the most significant issue is not the abundance of natural resources, but its apparent failure/incapacity to convert its resources into meaningful disposable incomes which is the biggest justification of this paper which aims at providing a qualitative and quantitative profile of poverty and income distribution. "Dependent" development is destructive for Africa; hence it is argued in this paper that ways of allaying endemic poverty⁶⁸ should be found within the African context. The USA example is meant to illustrate what other nations have done to achieve growth and the lessons that can be learned from other people's experiences.

⁶⁸ Marina Ottaway, "Africa", *Foreign Policy*, No. 114, Spring 1999, pp. 13-25.

References

Agena T., "The Relationship between Economic Activities and Environmental Degradation in Africa", *Journal of the Historical Society of Nigeria*, 17, 2007/2008, pp. 28-40.

Alcock P., *Understanding Poverty*, London: Macmillan Press Ltd, 1993.

Austin Gareth, "Resources, Techniques, and Strategies South of the Sahara: Revising the Factor Endowments Perspective on African Economic Development, 1500-2000", *The Economic History Review*, New Series, Vol. 61, No. 3, August 2008, pp. 587-624.

Bello W., *Dark Victory: The United States, Structural Adjustment and Global Poverty*, London: Pluto Press, 1994.

Bracking Sarah, "Neoclassical and Structural Analysis of Poverty: Winning the 'Economic Kingdom' for the Poor in Southern Africa", *Third World Quarterly*, Vol. 25, No. 5, 2004, pp. 887-901.

Brown M. B. and P. Tiffen, *Short Changed: Africa and World Trade*, London: Pluto, 1992.

Brown Michael Barratt, " 'Fair Trade' with Africa", *Review of African Political Economy*, Vol. 34, No. 112, June 2007, pp. 267-277.

Bruchey Stuart, *The Roots of American Economic Growth, 1607-1860: An Essay in Social Causation*, New York: Harper and Row Publishers, 1965.

Calderisi R., "The World Bank and Africa", *Transformation*, Vol. 17, No. 4, 2000, pp. 132-135.

Callan T. and B. Nolan, "Measuring Trends in Poverty over Time: Some Robust Results for Ireland 1980-87", *The Economic and Social Review*, July 1989.

Callan T., B. Nolan, B. J. Whelan, C. T. Whelan and J. Williams, *Poverty in 1990s: Evidence from The 1994 Living In Ireland Survey*, Dublin: Oak Tree Press, 1996.

Chinake Hazel, "Strategies for Poverty Alleviation in Zimbabwe", *Journal of Social Development in Africa*, Vol. 12, No. 1, 1997, pp. 39-51.

Christiaensen L., L. Demery and S. Paternostro, "Macro and Micro Perspectives of Growth and Poverty in Africa", *The World Bank Economic Review*, Vol. 17, No. 3, 2003, pp. 317-347.

Collier Paul, "Poverty Reduction in Africa", *Proceedings of the National Academy of Sciences of the United States of America*, Vol. 104, No. 43, October 2007, pp. 16763-16768.

Demery L. and L. Squire, "Macroeconomic Adjustment and Poverty in Africa: An Emerging Picture", *The World Bank Research Observer*, Vol. 11, No. 1, 1996, pp. 39-59.

Desai Meghnad and Anup Shah, "An Econometric Approach to the Measurement of Poverty", London: Suntory Toyota International Centre for Economics and Related Disciplines, 1985.

Dollar D., "Globalization, Poverty, and Inequality since 1980", *The World Bank Research Observer*, Vol. 20, No. 2, 2005, pp. 145-175.

Fosu A. K., "Inequality, Income, and Poverty: Comparative Global Evidence", *Social Science Quarterly*, Vol. 91, No. 5, 2010, pp. 1432-1446.

Gaitskell A., *Gezira: A Study of Development in the Sudan*, London: Faber and Faber, 1959.

Gatune Julius, "Africa's Development Beyond Aid: Getting Out of the Box", *Annals of the American Academy of Political and Social Science*, Vol. 632, Perspectives on Africa and the World, November 2010, pp. 103-120 .

Ghai Dharam and Samir Radwan (eds), *Agrarian Policies and Rural Poverty in Africa*, Geneva: International Labor Office, 1983.

Hagenaars Aldi and Klaas de Vos, "The Definition and Measurement of Poverty", *The Journal of Human Resources*, Vol. 23, No. 2, Spring, 1988, pp. 211-221.

Hagenaars Aldi J. M., *The Perception of Poverty*, Amsterdam: North Holland Publishing Co, 1986.

Harber C., "Education, Democracy and Poverty Reduction in Africa", *Comparative Education*, Vol. 38, No. 3, 2002, pp. 267-276.

Heilbroner R and Aaron Singer, *The Economic Transformation of America to 1865*, Fort Worth: Harcourt Brace College Publishers, 1994.

Janvy A. and E. Sadoulet, "Agricultural Growth and Poverty Reduction: Additional Evidence", 2009 at <http://wbpro.oxfordjournals.org>, Retrieved 19 July 2015.

Johnson E. A. J. and Herman E. Kroos, *The Origins and Development of the American Economy: An Introduction to Economics*. Englewood Cliffs: Prentice-Hall, 1953.

Jones Branwen Gruffydd, "Africa and the Poverty of International Relations", *Third World Quarterly*, Vol. 26, No. 6, 2005, pp. 987-1003.

Mayer S. and C. Jencks, "Poverty and the Distribution of Material Hardship", *Journal of Human Resources*, Vol. 24, No. 1, 1988.

Mehrotra S., J. Vande Moortele and Delamonica, "Relocating Public Spending for Basic Social Services in Developing Countries", Vol. 33, No. 27, 1998, pp. 1717-1724.

Mellor J. W. and C. Ranade, "Why Does Agricultural Growth Dominate Poverty Reduction in Low-and Middle-income Countries?" *The Pakistan Development Review*, Vol. 45, No. 2, 2006, pp. 221-240.

Mellor J. W. and C. Ranade, "Why Does Agricultural Growth Dominate Poverty Reduction in Low-and Middle-income Countries?" *The Pakistan Development Review*, Vol. 45, No. 2, 2006, pp. 221-240.

Mlambo Alois S. and Evelyn S. Pangeti, "Globalization, Structural Adjustment and the Social Dimensions Dilemma in Zimbabwe, 1990-1999", in Taye Assefa, Severine M. Rugumamu and Abdel Ghaffar M. Ahmed, *Globalization, Democracy and Development in Africa: Challenges and Prospects*, Addis Ababa: Organization for Social Science Research in Eastern and Southern Africa/OSSREA, 2001.

Mlambo Alois S., *The Economic Structural Adjustment Programme: The Case of Zimbabwe, 1990-1995*, Harare: University of Zimbabwe Publications, 1997.

Muffels R. and M. Vrien, "The Comparison of Definitions of Consumption Deprivation and Income Deprivation", Mimeograph, Tilberg: Tilberg University, 1993.

North Douglas C., *Growth and Welfare in the American Past*, New Jersey: Prentice Hall College, December 1982.

North Douglas C., *The Economic Growth of the United States, 1790-1860*, New York: W. W. Norton, 1966.

O'Boyle Edward J., "Human Physical Need: A Concept That is Both Absolute and Relative", in J. B. Davis and E. J. O'Boyle (eds) *The Social Economics of Human Material Need*, Carbondale, Illinois: Southern Illinois University, 1994.

O'Boyle Edward J., "Toward an Improved Definition of Poverty", *Review of Social Economy*, Vol. 57, No. 3, September 1999, pp. 281-301.

Odeyi M. O., "The Socio-Economic Implications of Ill-Health and Poverty-Trapon Human Development in Africa", *Journal of the Historical Society of Nigeria*, 17, 2007/2008, pp. 28-40.

Olsson L., "On the Cause of Famine: Draught, Desertification and Market Failure in the Sudan", *Ambio*, Vol. 22, No. 6, 1993, pp. 395-403.

Ottaway Marina, "Africa", *Foreign Policy*, No. 114, Spring 1999, pp. 13-25.

Pangeti E. S., "The State and Manufacturing Industry: A Study of the State as Regulator and Entrepreneur in Zimbabwe, 1930 to 1990", PhD thesis, Harare: University of Zimbabwe, December 1995.

Patnaik U., "Export-Oriented Agriculture and Food Security in Developing Countries and India", *Economic and Political Weekly*, 1996, Vol. 31, Nos. 35/37, pp. 2429-2431, 2433-2437, 2439 & 2441-2449.

Poku N. K., "Poverty, Debt and Africa's HIV/AIDS Crisis", *International Affairs*, Vol. 78, No. 3, 2002, pp. 531-546.

Ramirez J. M., "Peace and Development in Africa", *International Journal on World Peace*, Vol. 22, No. 3, 2005, pp. 51-73.

Roddick J., *The Dance of the Millions: Latin America and the Debt Crisis*, London: Latin American Bureau, 1988.

Roy S., "Globalization, Structural Change and Poverty: Some Conceptual and Policy Issues", *Economic and Political Weekly*, Vol. 32, No. 33/34, 1997, pp. 2117-2135.

Rwomire A., "Poverty in Southern Africa: Radical Versus Conservative Perspectives", *Peace Research*, Vol. 23, No. 4, 1991, pp. 19-36.

Sachs J. D., J. W. McArthur, G. Traub, M. Kruk, C. Bahadur, M. Fage and G. McCord, "Africa's Poverty Trap", *Brookings Papers on Economic Activity*, 1, 2004, pp. 117-216.

Sahn D. E., "On Economic Reform, Poverty, and Nutrition in Africa", *The American Economic Review*, Vol. 84, No. 2, 1994, pp. 285-290.

Sam Moyo, *Land Reform Under Structural Adjustment in Zimbabwe: Land Use Change in the Mashonaland Provinces*, Stockholm, Sweden: Elanders Gotab, 2000.

Samatar A. I., "Structural Adjustment as a Development Strategy? Bananas, Boom, and Poverty in Somalia", *Economic Geography*, Vol. 69, No. 1, 1993, pp. 25-43.

Schwittay Anke, "The Marketization of Poverty: with CA comment by Krista Badiane and David Berdish", *Current Anthropology*, Vol. 52, No. S3, April 2011, pp. S71-S82.

Shao J., "Alleviating Poverty in Africa: Keynote Address", *Transformation*, Vol. 17, No. 4, 2000, pp. 126-130.

Sideri S., "External Financial Flows: The Case of Africa", *African Review of Money Finance and Banking*, 1, 1992, pp. 89-115.

Temin Peter, *Causal Factors in American Economic Growth in the Nineteenth Century*, London: Macmillan Press Ltd, 1975.

Thakur J., M. L. Bose, and M. J. A. Hossain, "Rural Income Distribution and Poverty in Bihar: Insights from Village Studies", *Economic and Political Weekly*, Vol. 35, Nos. 52/53, 2000-2001, pp. 4657-4663.

Townsend Peter, *Poverty in the United Kingdom*, Harmondsworth: Penguin Books, 1979.

Tray D. and M. Irfan, "Reducing Poverty in Developing Countries-Some Basic Principles for Policy Design [With Comments]", *The Pakistan Development Review*, Vol. 28, No. 4, 1989, pp. 437-463.

Webster R, J. Lacey and S. Quine, "Palliative Care: A Public Health Priority in Developing Countries", *Journal of Public Health Policy*, Vol. 28, No. 1, 2007, pp. 28-39.

Whiteside A., "Poverty and HIV/AIDS in Africa", *Third World Quarterly*, Vol. 23, No. 2, 2002, pp. 313-332.

Young Kurt B., "Africa Must Unite Revisited: Continuity and Change in the Case for Continental Unification", *Africa Today*, Vol. 57, No. 1, Fall 2010, pp. 42-63.