World Bank Report Challenges Notions of Declining Poverty in Africa

Study raises questions about the sustainability of capitalist growth in developing states

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Despite the reports for the last several years that significant declines in poverty have taken place in sub-Saharan Africa, a recently-released World Bank study indicates that despite "growth" the actual number of people living in poverty on the continent has increased by 100 million over the last fifteen years.

In an attempt to reiterate and reinforce the view related to poverty decline in Africa, other figures are presented indicating that the proportion of people living in severe economic deprivation has declined, although with rising populations those who are in distress numerically are in fact increasing.

The World Bank presented this report on "End Poverty Day" in Ghana, the first country south of the Sahara which gained its national independence from Britain in 1957. In the recent period Ghana is often championed by many western financial publications as a "success story" within the broader effort to ameliorate poverty and underdevelopment in Africa.

In a press release issued by the World Bank announcing the study entitled "Poverty in a Rising Africa", it says

> "The report finds that progress in ending poverty in all its forms has varied greatly across countries and population groups, with the levels of achievement remaining challengingly low. Africa posted the slowest rate of poverty reduction of all major developing regions, with the share of people living in extreme poverty (less than US$1.90 a day) declining only slightly, from 56% in 1990 to 43% in 2012. But since 2012, extreme poverty fell to a projected 35 percent in 2015 in the region, based on the World Bank's new poverty line of $1.90 a day. Globally, according to Bank estimates released earlier this month, the percentage of people living in extreme poverty will likely fall to under 10 percent for the first time, to 9.6 percent this year." (Oct. 16)

These figures related to the percentage of Africans living in poverty are plagued by conjecture due to the lack of credible measurement tools and moreover the acquisition of reliable data on these subjects. In rural areas the number of people living without adequate supplies of water, fuel, food and communications technology often go overlooked.

The report itself acknowledges this fact by saying "Gauging Africa's human well-being remains tremendously difficult. The report shows that in 2012, just 25 of the region's 48 countries had conducted at least two household surveys over the past decade to track poverty. The authors urge action across Africa in improving the availability and access to regular and reliable data on income poverty and other dimensions of well-being. They also stress that national support for adhering to methodological and operational standards is essential."

How is Growth and Development Measured in Africa?

This World Bank report reveals the contradictions between foreign direct investment (FDI) growth and the actual levels of incomes, quality of life improvements and socio-economic development. Setting a $1.90 level for assessing whether individuals and households are living below an extreme poverty level is problematic.

Many of the advances made in Africa take into consideration the availability of mobile phones and other consumer goods. These goods have enhanced the standard of living in many states by facilitating communications and therefore economic, political and social interactions. Nonetheless, these products come at a price whether they are manufactured outside the country, as is the case more often than not, or domestically.

Consequently, the cost of living is also going up and with that the need to spend the rising household income that is generated through increased production and trade. Recent strikes in Ghana among private, public and educational workers have largely centered on the decline in the value of the cedi (national currency) requiring larger amounts of money to cover expenses.

In Nigeria, which was proclaimed in 2014 by the western-based financial publications as having the largest economy in Africa, many of the strikes as well involve workers who are more skilled and have higher incomes. Work stoppages in the medical, educational and oil sectors and industries demand not only higher wages and better conditions of employment, but that employees actually receive their salaries on a regular basis.

In various state governments in Nigeria, public sector workers have gone months without salaries. This has also been a major issue in Ghana as well among junior physicians and educators.

Most importantly the distribution of national wealth is an important factor in determining actual development. Africa has produced billionaires in Nigeria, South Africa and other states. However, the existence of abject poverty remains. Class structures inherited from colonialism have not been eliminated where those who are in a position to benefit from the continuing integration of Africa into the world capitalist and imperialist system stand to advance their social positions within society.

In Nigeria and South Africa, the largest and most advanced states on the continent, both labor unions and community organizations have demanded that the mining and other extractive multi-national corporations re-invest in the environmental and social well-being of the areas where they derive their wealth. Although the workers may earn more than people living and confined to the rural areas, if resources are not re-invested into creating schools, improving education, cleaning up chemical and industrial waste along with constructing roads and healthcare facilities, it is not possible to define such a set of circumstances as genuine development.

Wealth Must Be Equitably Distributed to Foster Development

The issues of wealth distribution and relations of production must be addressed before there is real qualitative development in Africa and other geo-political regions internationally. Of course the World Bank cannot address these issues due to the inherent class bias of its approach to economic growth.

Both the World Bank and the International Monetary Fund (IMF) were founded by the United States capitalist class at the conclusion of World War II in order to facilitate its dominant positions within the imperialist world. In the earlier phase, tremendous resources were poured into Western Europe to rebuild industry and infrastructure destroyed during 1939-1945.

However, after the emergence of independent African states during the 1950s and 1960s, the IMF-World Bank officials came in to restructure the post-colonial political economy emphasizing a neo-liberal approach to development by shrinking the size of the public sectors and lowering the value of currencies. Rather than establish import-substitution industries, a path to growth was engineered to emphasize western foreign investment.

With the fluctuations of energy and commodity prices such a set of international relations leaves the post-colonial states dependent upon the strength of the economies within the former colonial and still existing imperialist countries. This vulnerability of the oppressed nations largely located within Africa, the Asia-Pacific and Latin America, stifles and even obliterates the capacity to engage in long-term planning for the benefit of the broad populations within these states.

These constraints placed on making major advancements in agricultural, industrial, educational and social service industries and sectors requires alternative approaches. Socialist economic planning would necessitate the channeling of earnings from worker productivity and trade into these aspects of the economy that could reproduce the outcomes that are most desired.

Internal conflict is cited in the World Bank report as a major factor in preventing economic growth. However, the imperialist destabilization of Africa through military operations and covert activity cannot be acknowledged by the World Bank since it would directly challenge the foreign policy imperatives of the ruling classes within North America and Western Europe.