

# Social Sciences as Imperialism: Analysis of The Global Economic Crisis of 2008 And Development Gaps in the Third World States

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## Abstract

*Every theory is meant to satisfy a purpose. This is germane in social sciences where globalised theories are, in most cases environmentally determined. Theorists in social sciences in their attempts to globalise their paradigms and models usually underplay the impacts of culture, religion and political differences. In their bid to quantify behavioural sciences, some of the variables they usually hold constant contributed to economic crisis; forgetting that human behaviour is beyond mathematical calculation. Undemocratic application of globalisation concept as emanated in the undemocratic principles of voting, lack of transparency and accountability, as well as poor/underrepresentation of less developed states in various international (financial) organisations violates the basic tenets of democratic rights, global social justice and international sovereign equality. The same impacted on plethora of theories in social sciences only meant to maintain the current status quo despite their crises as shown in the 2008 economic implosion.*

**Keywords:** Economic crisis; Democratisation; Globalisation; Imperialism; Third World States; Social Sciences theories

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## INTRODUCTION

Without looking into western social science approaches and the writings of classical and medieval theorists of political developments, it may be difficult to appreciate 21st century global economy. It is the same mechanical and conservative system of studying human behaviour that leads to the hesitance of many theorists of development to be flexible in trying to understand the wants of human beings. Exportation of the western values to every part of the world without looking into the basic attributes of geography is a major snag in the development of Third World States (TWSs). As much as the capitalist mode of production believes in democratisation, privatisation and self-initiative as the last step of economic system, which is far-fetched in TWSs, they have not only brought about underdevelopment in many parts of the world, but have entrenched two worlds, two ideological positions until the 1980s and the perpetuation of class of emotion, clash of culture, economic and social humiliation, climate of fear and, for others, it brings about hope.

Introduction of any theory is not without environmental considerations and needs to satisfy some groups of people in order to achieve a certain value. The financial crisis that emanated in the United States of America (US) has become a virus that has affected the rest of the world because of the well-tailored economic system that originated from the European industrial revolution traceable to the feudal system when some groups of economic and political élite struggled successively to maintain the status quo that benefitted them. Between the 1950s and 1960s, groups of social scientists were sponsored to vigorously push for capitalism in economics, political science and sociology in order to perpetuate the beliefs of Max Weber, St. Augustine, Adam Smith and David Ricardo, just to mention a few of them, to concretise “end of history” and end of theories in social sciences.

The system amounts to imprisoning humans in a cage of unnatural desires as pushed forward by Jean-Jacques Rousseau (1712-1778) and Marcuse (1898-1979).<sup>1</sup> The position of these philosophers is regarded as Frankfurt school, which continues to gain currency in the analysis of imperialism of social science.

It is the contention of this chapter that the imposed economic and political values on the rest of the world is not only flawed, but also height-

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1 Jerry Z. Muller, 2013. “Capitalism and Inequality: What Right and the Left Get Wrong,” in *Foreign Affairs* March/April (2013): 32.

ens degree of dependency in the turn of globalisation that prevents many states to embark on development according to their societal needs. This study employs the political economy approach of structuralism and is divided into five parts. Part one is the introduction, part two focuses on the 2008 economic crisis while part three examines economic and financial managements as handled by the West. The penultimate part examines the notion, within critical neo-Marxists school, that social science is ideological bias and the last part concludes the discussion.

## **THE 2008 ECONOMIC CRISIS**

The economic crisis experienced by the US from 2007 was unprecedented in the annals of international trade. This was precipitated by cheap credit which made the government at every level and private individuals to borrow and consume the more. What appeared to be a domestic affair of the US as a result of "toxic" financial assets quickly spiralled into a global economic crisis.<sup>2</sup> This affected the mortgage financial sector as construction in the building sector experienced a boom and many people were able to buy houses based on reduction in the interest rate. As a result of globalisation and its accompanying features, it did not only affect the US but global stock markets also plunged and the world was rapidly dragged into the worst recession since the Great Depression of the 1930s.<sup>3</sup> In 2008, Bear Stearns, Lehman, Fannie Mae and Freddie, but were revived through government intervention tagged the US' Troubled Asset Relief Program (TARP) re-capitalisation strategy. The economic bubble, later burst, brought about the need to suspend or at best, abandon ultra-liberalism and made the government to embark on economic restructuring. What is peculiar about the US and the rest of the North is that the capital market rejected the old order which brought about intervention.<sup>4</sup> This is not a unique situation in American style of economic recuperation. In the 1970s, the Richard Nixon government did the same through unilateral exit from the gold peg system when the dollar was devalued as a result of the economic crisis. This questions the whole concept of liberal economic thesis and reduced the US to a minimum hegemon.

The effects of mortgage crisis continues to affect the global system despite the stimulus packages embarked upon against the French econ-

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2 Anver Saloojee, "Globalisation and the 2007 Fiscal crisis," *The Thinker*. 61(3) (2014): 13.

3 Saloojee, "2007 Fiscal crisis," 15.

4 Roger C. Altman, "The Fall and Rise of the West: Why America and Europe Will Emerge Stronger From the Financial Crisis," *Foreign Affairs* January/February (2013): 9.

omist Jean-Baptiste Say's (1767-1832) law (Say's law) which states that supply creates its own demand. It is being touted that economists are naïve about international trade and therefore their over-reliance on Henry Martyn's, Adam Smith's and David Ricardo's theories "ignored the fact that a significant majority of innocent people were usually harmed. This is more pronounced in the TWSs "where the factors for creating wealth are absent".<sup>5</sup> Attempt to modify and generalise this through the use of sophisticated 'computable general equilibrium CGE' is not practicable. Its assumptions are so esoteric to be practicable. It assumes that budget deficits and surpluses are unchangeable because of the impact of trade and the fluctuation of the exchange rate. It also states that saving and investment will always be equal. Another assumption of CGE paradigm is that the financial systems always enjoy unruffled stability. That is, the absence of booms, busts or bubbles. The theory is passed for hockey-stick because of its arbitrary accounting system and deliberate speculative financing in trade, mostly services.<sup>6</sup>

Another source of the crisis was the power arrogated to Chief Executive Officers (CEOs) in financial institutions who not only determine their remuneration and dubious *gifts*, but were also empowered to appoint board members who were always loyal to them and will hardly check their excesses. When government had to intervene through a stimulus package to bail ailing companies, a substantial part of the intervention fund extracted from the bottom billion was used.<sup>7</sup>

As posited by the Marxists, attempts to make more profit will create capitalist implosion. Instead of socialism to overthrow capitalism in the 21<sup>st</sup> century, the economic crisis led to a high rate of unemployment because of changes in the level of technology. Movement away from manufacturing, the source of middle class creation to the services sector that only needs high skilled labourers as against unskilled and semi-skilled aggravates unemployment.<sup>8</sup> Majority of those who were affected by the unguarded long-term mortgage loan were faced with debt services which eventually led to eviction. Instead of the government to address this, more funds were allocated to CEOs who, out of their personal interests, computed imagi-

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5 Erik S. Reinert, 2007. *How Rich Countries Got Rich...and Why Poor Countries Stay Poor* (London: Constable, 2007), 106.

6 Ian Fletcher, "Economist are Hopelessly Naïve about International Trade," in [Http://m.huffpost.com/us/entry/841704](http://m.huffpost.com/us/entry/841704) (2011), accessed October 2, 2014.

7 Paul Collier, *The Bottom Billion: Why the Poorer Countries are failing and what can be done about it* (Oxford: Oxford University Press, 2007). Joseph E Stiglitz, *The Price of Inequality* (London: Penguin, 2013), 39.

8 Stiglitz, *Price of Inequality*, 67

nary financial statements that portrayed a kind of healthy economy, which eventually busted and affected poor and middle income people the more.

## **BETWEEN ECONOMIC AND FINANCIAL MANAGEMENT: CRISIS OF THE WESTERN SOCIAL SCIENCES THEORIES**

In his paper, 'How Did Economists Get It So Wrong?' after the economic crisis imposed on the rest of the world by the US, Paul Krugman<sup>9</sup> opined that:

*"The assumption of a perfect market with rational players through mathematical prowess leads to economic sanity...Unfortunately, this romanticized and sanitized vision of the economy led most economists to ignore all the things that can go wrong. They turned a blind eye to the limitations of human rationality that often lead to bubbles and busts; to the problems of institutions that run amok; to the imperfections of markets – especially financial markets – that can cause the economy's operating system to undergo sudden, unpredictable crashes; and to the danger created when regulators don't believe in regulation."*

From the above quotation, it is evident that the economic challenges faced in the 21<sup>st</sup> century are partly caused by the adherence to the principle of *laissez fairism* that one could say, with some degree of certainty, that it is barren in the field of social sciences. Most of the theories were to satisfy certain groups of people and states. Some American economists such as Robert Lucas (University of Chicago), Ben Bernanke (Princeton University, later Federal Reserve Board Chair) and Olivier Blanchard (MIT, now with the IMF as chief economist), operated under a false impression that financial economists and macroeconomists were able to proffer solutions to economic problems. They knew very little that their false and weak foundation of theorising through the micro-mathematical approach in a behavioural and irrationality of human being will soon question their artificial solutions to international economic relations. As observed by Bhatia,<sup>10</sup> Mathematical School is a misleading model/paradigm as only tool of analysis. This is because the same may be used to prove or disprove a theory because it makes certain assumptions regarding the behaviour of variables and their causal interrelationships. The economic crash not only shocked some adherents of Milton Friedman such as Alan Greenspan, former chair of the Federal Reserve Bank of the US who in his book, declared

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9 Paul Krugman, "How Did Economists Get It So Wrong?," *New York Times*, September 2, (2009) [http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?pagewanted=all&_r=0), accessed September 25, 2014.

10 H.L. Bhatia, 1978. *History of Economic Thought* (New Delhi: Vikas Publishing, 1978), 342.

that he was shocked not to have seen the crisis coming. This implies that the system under which the economy of the country was based was faulty.

The issue worth interrogating is why economists could not see the problem coming despite their acclaimed perfection of basic theories and practices they claimed of overcoming before the problem emanated. Financial economists at the time believed that the stocks and other asset markets were perfect and stable and therefore needed no artificial intervention in any form. At the inception of the crisis, macroeconomists were divided on how to handle the situation. Some believed that the unseen hands will normalise the market while on the other hand, some opined that the national government should intervene through macro and micro instruments available.<sup>11</sup> The former school was vigorously pushed aside by proponents of capitalism such as Fareed Zakaria,<sup>12</sup> followers of Joseph Schumpeter's (1934, *The Theory of Economic Development*) and John Maynard Keynes (1936, *The General Theory of Employment, Interest and Money*). Zakaria defended his unsustainable position that such development is not uncommon in the capitalists system. This volte-face in the age of globalisation appears to be an attempt at ignoring the fundamentals by the Chicago school. As a bail out in time of recession, Keynesians believe in printing more money/notes and spending heavily on public works in order to arrest unemployment.<sup>13</sup> The question is whether this is sustainable?

Milton Friedman, also from the Chicago school, who came to dominate the western financial system from 1953, was of the view that monetary approach would serve the interest of the market as against fiscal perspective as propounded by Keynes. Financial economists of the 1970s championed by Eugene Fama, also of the Chicago school, advocated for a perfect and rational decision of financial economists because of presumed relevant information at their disposal. He came up with the efficient market hypothesis as a support for his ultra-capitalism approach in the stock and property market. His attempt to jettison Keynes' theory is viewed by Keynes' followers as a casino speculation in a complex market system. Fama's market rational thesis brings into question the 1973 stock crash which experienced the evaporation of about 48% stock values and the same situation was repeated in 1987 when about 23% of stock value evaporated in a day without

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11 Gordon Brown, *Beyond The Crash: Overcoming the First Crisis of Globalisation* (London: Simon & Schuster, 2011), 8.

12 Fareed Zakaria, "Can America Be Fixed? The New Crisis of Democracy," *Foreign Affairs* January/February (2013): 22-33. Fareed Zakaria, *The Post-American World: and the Rise of the Rest* (London: Penguin, 2009).

13 Barrie Axford, *Theories of Globalization* (London: Polity Press, 2013).

any scientific explanation. This is contrary to the capitalistic scientific objectivity often used as a ploy to actualise particularistic interests.<sup>14</sup> The 2008 crisis was beyond the Capital Asset Pricing Model (CAPM) which relies on mathematical calculation that gained currency among western economists in the 1980s.

On the side of the Keynesian school, popularly referred to as the Saltwater School (SS), the issue of economic bubbles and banking system collapse were not also addressed like the freshwater school because of the timely intervention of government. This did not happen during the economic crisis in Asia in 1997 nor was it a right solution to TWSs' economic crisis which looks permanent because of the structural defect of the system against the wretched of the earth. Despite the seemingly line of departure between the freshwater and saltwater schools, they are both united in terms of action as against the theory of economic stability. The SS believes that fiscal policy, that is changing in government spending and tax system, may not address economic recession but rather that the influence of technocrats at the reserve bank will only solve any financial problem in a state. This would have caused the American government to introduce fiscal cliff of tax increases and budget sequestrations to address the fallout effects of huge budget deficit. These theories and models are only meant to satisfy the West politico-economic objectives.

## **WESTERN SOCIAL SCIENCE AS IDEOLOGICAL BIAS**

From the discussion in the preceding section, ideological bias or what amounts to western propaganda through theories of political development is evident. This was forcefully pursued in the works of political scientists, economists and sociologists who were intentionally assembled in the 1950s and 1960s. They came up with modern social science theories that concretise the roles of developed states in the international system as *primus inter pares* while leaving aside developing states as inputs producers without any appreciable development. These theories were concretised through the works of Gabriel Almond,<sup>15</sup> Almond and Powell,<sup>16</sup>

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14 Claude Ake, 1982. *Social Science as Imperialism: The Theory of Political Development* (Ibadan: Ibadan University Press, 1982), 135.

15 Gabriel A. Almond, 1963. "Political Systems and Political Change," *American Behavioural Scientist* June 6 (1963): 3-10.

16 Gabriel A. Almond, and G. Powell. 1966. *Comparative Politics: A developmental Approach* (Boston: Little Brown, 1966).

David Apter,<sup>17</sup> Samuel Huntington,<sup>18</sup> James Coleman,<sup>19</sup> Karl Deutsch<sup>20</sup> and David Easton<sup>21</sup>. Their objective, in line with Ha-Joon Chang,<sup>22</sup> together with some policy-makers and ruling elite, was to promote capitalism at all cost. They achieved this through political socialisation and at best by indoctrination through well-selected paradigms, models and conceptual analytical tools. With the collapse of socialism, Francis Fukuyama,<sup>23</sup> Robert Lieber,<sup>24</sup> Robert Robert<sup>25</sup> and Fareed Zakaria<sup>26</sup> defended the western propaganda of furthering commodification of money, to the detriment of the development of developing states. In trying to introduce the same concepts in TWSs, many research grants were approved for these scholars in their various Universities to indoctrinate tabula-rasa minds of TWSs students in the West. By 2014, America, in cooperation with the EU and Canada opened African School of Economics and Management in Benin Republic to further the same agenda.<sup>27</sup> It equally explains why many centres were established in TWSs such as the United States Information Centre, the British Council and the Goethe Institute (Amusan, 2014c; Arndt, 1991; Melissen, 2005 and Nye, 2004).<sup>28</sup> At best, they promoted what Joseph Nye describes as soft power captured under cultural diplomacy. Products

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17 David E. Apter, *The Politics of Modernization* (Chicago and London: The University of Chicago Press, 1965).

18 Samuel P. Huntington, *Political Order in Changing Societies* (New haven and London: Yale University Press, 1968).

19 James S. Coleman, "The Problem of Political Integration in Emergent Africa," *Western Political Quarterly*. VIII(1) (1955), March.

20 Karl W. Deutsch, "Social Mobilization and Political Development," *American Political Science Review* 55(3) (1961): 493-514.

21 David A. Easton, *A Framework for Political Analysis* (Englewood Cliffs: Prentice-Hall, 1965).

22 Ha-Joon Chang, *23 Things They Don't Tell You About Capitalism* (London: Penguin Books).

23 Francis Fukuyama, *The origins of Political order: From Prehuman Times to the French Revolution* (London: Profile Books, 2012).

24 Robert J. Lieber, 2005. *The America Era: Power and Strategy for the 21<sup>st</sup> Century* (New York: Cambridge University Press, 2005).

25 Robert I. Rotberg, *Africa Emerges* (London: Polity Press, 2013).

26 Zakaria, *The Post-American World*.

27 *African Business* "Africa gains first in education," 412, October 2014: 4.

28 Lere Amusan, "Globalising Soft Power through Cultural Diplomacy: A Need for Cooperative Co-existence in the International System" (paper presented at a the International Symposium on Cultural Diplomacy in Africa 2014 'Building Economic Bridges to Enhance African Sustainable Development and Economic Growth,' Berlin, Germany, August 6-8, 2014c). Richard T Arndt, "Precarious balance: American Information/Cultural Policy," in *The Theory and Practice of International Relations*, ed. William Clinton Olson (New Jersey: Prentice Hall, 1991): 273-276. Jan Melissen, "Theory and Practice," in *The New Public Diplomacy: Soft Power in International Relations*, ed. Jan Malissen (Basingstoke: Palgrave Macmillan, 2005): 3-27. Joseph S. Nye, 2004. "The Benefit of Soft Power," <http://hbswk.hbs.edu/archive/4290.html>. 2004, accessed April 17, 2014.



of this indoctrination in Africa, Asia and Latin America became lecturers, bureaucrats and politicians who formulate government policies, expectedly, to the interest of the West.

They opted for the stages of economic and political developments as proposed by Arthur Lewis and Walter W. Rostow and members of the Comparative Politics Committee of the Social Science Research Council of the US.<sup>29</sup> This Eurocentric teleological perspective was vigorously pushed forward by Plato, Aristotle, Aquinas, St. Augustine, Max Weber and Karl Marx. They posited that every society should move from a barbarian tradition to a civilised society. Parochianism and staticism are the two common attributes of teleologism influenced by Aristotle's metaphysics and politics. From the position of some western scholars who are more propagandists than social scientists believe that western society should serve as a signpost for every other society. This explains why Fukuyama spoke about the end of history, though he later came up with the concept of future history in 2012 where he called for populist ideology as against his earlier hawk ultra-capitalism.<sup>30</sup> Ake describes it as the end of social evolution and "good"; while others view it as the end of ideology. This approach is too mechanical when analysing inherency of capitalism and by extension, social science. The incremental approach to development as introduced in developing states, ironically did not apply to the British settlers colonies of Canada, America, New Zealand and Australia. Partially, South Africa also enjoyed part of *abnormal* development because of cultural irredentism.<sup>31</sup>

In trying to equate ideal to reality as pointed out by Ake,<sup>32</sup> western social scientists fail to appreciate the role of the behavioural approach in the analysis of human behaviour. The inability to predict, with a high degree of precision, reduced many western scholars to an imperialist conservative advocate. Sociologically, developmental categories are divided into a *status* known as *Gemeinschaft* and *contract* described as *Gesellschaft*.<sup>33</sup> These classification are in line with Auguste Comte's three stages of devel-

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29 Ake, *Social Science as Imperialism*, 124.

30 Francis Fukuyama, "The Future of History," *Foreign Affairs* January/February (2012b): 53-61.

31 Daron Acemoglu and James A. Robinson, *Why Nations Fail: The origins of Power, Prosperity and Poverty* (London: Profile Books, 2012), 45.

32 Ake, *Social Science as Imperialism*, 128.

33 Status describes as *Gemeinschaft* is described as a state of tradition where life-chances and life style are determined by birth; there is little or no individualism and very little tendency to act in accordance with pragmatic "market" norms; on the other hand, contract or *Gesellschaft* is directly opposite that promotes individualism, rationality, legal and bureaucratic legitimacy; and the end of societal evolution. The latter which the west promotes with vigour. For more information on this, see Ake, 1982:143-148).

opment as conquest, defence and industry and L.H. Morgan's savagery, barbarism and civilisation stages. Socialists were also hypnotised by this position when Engel and Marx advanced feudal, capitalist and socialist stages. These positions are not only flawed as they could not substantiate the development of some societies that catapulted from colonialism to industrialised societies as in South Korea, Brazil, Malaysia, Thailand and Singapore, for instance. These radical changes are against the conservative position of capitalism.

Quantification in the study of social science is a ploy of passing the discipline to a physical science discipline. In trying to do this, it is not only to entrench the conservatism of the western interpretation of the subject, but also, to hold some variables constant irrespective of their import in the study of some basic concepts. For instance, attempts to reduce democracy and political participation to vote and be voted for is not only too shallow, but it ignores the relevance of the need to link democracy with free will in an economically developed environment. The implication of this is that there is no need to change the existing state of development in politics, economics and society because the present stage is "the end of ideology". This position translates to the fact that TWSs are made to be weak, unstable, a source of industrial and services inputs, ethnically divided and uncivilised. This is perpetuated by the activities of International Financial Institutions (IFIs), Multinational Corporations (MNCs) and politics of aids which is as best as a foreign raid.<sup>34</sup> Maintenance of this *status quo* is to the benefit of the end of history.

Trebilcock and Prado<sup>35</sup> attribute underdevelopment of developing states to the structural defects in governance and relevant institutions. This is no more than imperialistic and passing blame to the states created by the colonialists entrenched by the westernisation of developing areas that created a "reversal of fortune". Though, the concept of *utis possidentis* is recognised by international law, the West did not observe this as evident in the war between America and Mexico (1846-1848) which led to the extension of American territory to claim resourceful "pretty little of Los Nogales". This created two different people from the same tribe, same culture and geography to have (Nogales Arizona) and have nots (Nogales Sonora).<sup>36</sup> In Acemoglu and Robinson's 'Theories That Don't

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34 Eric Toussaint, *The World bank: A critical Primer* (London: Pluto Press, 2008).

35 Michael J. Trebilcock, and Mariana Mota Prado, *What makes Poor Countries Poor? Institutional. Determinants of Development*. (Cheltenham and Northampton: Edward Elgar, 2011).

36 Acemoglu and Robinson. *Why Nations Fail*, 7-9.

Work',<sup>37</sup> maintain that "the geographical hypothesis, which claims that the great divide between rich and poor countries, is created by geographical difference. Some posited that poor countries are between the tropics of Cancer and Capricorn; and rich nations, in contrast, tend to be in temperate latitudes". Montesquieu (a western philosopher of the 18<sup>th</sup> century), supported this notion that tropical climate makes people to be lazy and to lack inquisitiveness, which eventually leads to autocratic system of government. This position is not only illogical but also, recent economic development among the Asian Tigers has proven the position less relevant. Unfortunately, this is the opinion of Jeffrey Sachs, the so-called friend of TWSs as observed in his book, '*The End of Poverty*'.<sup>38</sup> In the same light, Jared Diamond,<sup>39</sup> another western ecologist and evolutionary biologist observed that those who inhabited fertile land tend to have different species of plant and animals which may be domesticated for agricultural purposes. Not only that this thesis failed every test of economic development, it also has no explanation for the subjection of TWSs to the producer of inputs for developed states.

With the state of economic underdevelopment in TWSs, multinationals with their organic links with their parent states continue to siphon the resources of developing states through various means, even if there is a need to evict locals (indigenous peoples) from their home as long as their profit is paramount.<sup>40</sup> This was the case in Acehnese (Indonesia), Cabinda (Angola) and the Niger Delta (Nigeria).<sup>41</sup>

The introduction of slave trading, colonialism and globalism with religion is no more than a rape of *uncivilised* societies. The gradual developmental processes that started in Egypt, the Kingdom of Mapungubwe (1075-1220, South Africa), the Kingdom of Sine-Senegal (Senegal), Timbuktu (Mali), the Kingdom of Ethiopia (Ethiopia and Eritrea) and the Khmer Empire in the present Cambodia were suffocated by the foreign

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37 *Ibid.*, 45-69.

38 Jeffrey D. Sachs, *The End of Poverty: How we can make it happen in our lifetime* (London: Penguin, 2005).

39 Jared Diamond, *The World Until Yesterday* (London: Penguin, 2012), 19.

40 Patricia Kameri-Mbote, and Elvin Nyukuri, "Climate Change, Law and Indigenous Peoples in Kenya: Ogiek and Maasai Narratives", in *Climate Change and Indigenous Peoples: The Search for Legal remedies*, eds. Randall S. Abate and Elizabeth Ann Kronk Warner, (Cheltenham, UK: Edward Elgar, 2013), 539.

41 Lere Amusan, "Evaluating the Gender Content of the Amnesty Programme in the Niger Delta of Nigeria: Any Concern for the Socio-economic Development of Women?," *Ifè Psychologia: Gender & Behaviour*. 12(3), (2014a): 5924-5935. Steve Coll, 2012. *Private Empire: ExxonMobil and American Power* (New York: Penguin, 2012): 394-99.

invasion of various colonies.<sup>42</sup> At independence and before, majority of African states were made to believe in state-owned enterprises to boast economic development, sources of employment and the promotion of infrastructural amenities. This was vigorously promoted by metropolises in their satellite states. When economic interests of the West could not be met with the intervention of government in the allocation of resources, privatisation was introduced where many companies were bought over by the same western powers through Foreign Direct Investment (FDI) protected by the World Trade Organisation (WTO) mores. This came in many forms such as through the labyrinth operation of Trade-Related aspects of Intellectual Property Rights (TRIPs, technology), Trade-Related Investment Measures (TRIMs, trade in service) and the Multilateral Agreement on Investment (MAI, foreign investment/international business law). These limit multi-level economic negotiations that can ensure full employment opportunities.<sup>43</sup> Through these, many of the African and other developing resources were claimed by the West through patenting legally bound on the initial owners.<sup>44</sup> Against Jeffrey Sachs'<sup>45</sup> notion, technology transfer to the TWSs is not so easy because of the TRIPs' agreement that protects developed states that originally "pirated" technology from other states.<sup>46</sup> The issue of intellectual property piracy is an age old system that developed America economically but latter terms as illicit trades that America is now committing billions of dollars to curtail.

Drawing from Peter Andreas,<sup>47</sup> America will continue to impose its will on other states, which ordinarily may not necessarily follow such prescription by the Washington government. As of 2013, most of developed

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42 Bridget Hilton-Barber, 2014. "A beacon of civilisation in southern Africa," *City Press*, September 28, 2014, 8.

43 Samin Amin, *Obsolescent Capitalism: contemporary Politics and Global Disorder* (New York: Zed Books, 2003): 92-120. Nicholas Bayne and Stephen Woolcock, eds. *The New Economic Diplomacy: Decision-Making and Negotiation in International Economic Relations*. (London: Ashgate, 2011). Chibuzo N Nwoke "Nigeria's National Interest in a Globalized World: Completing the Independence Project," *Nigerian Journal of International Studies* 38(1&2) (2013): 89-91. Bade Onimode, "Mobilisation for the Implementation of Alternative Development Paradigms in 21<sup>st</sup> Century Africa." In *African Development and Governance Strategies in the 21<sup>st</sup> Century: Looking Back to Move Forward*, ed. Bade Onimode et al, 25-7, (London & New York: zed Books, 2004).

44 Amusan Lere. 2014b. "The Plight of African Resources Patenting Through the Lenses of the World Trade Organisation: An Assessment of South Africa's Rooibos Tea's Labyrinth Journey," *African Journal of Traditional, Complementary and Alternative Medicines*. 11(5), (2014): 41-47.

45 Jeffrey D Sachs, 2008. *Commonwealth: Economics for a Crowded Planet*. (London: Penguin, 2008).

46 Noam Chomsky, *Hopes and Prospects* (London: Penguin, 2010).

47 Peter Andreas, Peter. 2013. "Gangster's Paradise: the Untold History of the United States and International Crime," in *Foreign Affairs*, March/April (2013): 24.

states' gross government debt in the percentage of the state GDP was very high as shown below:

*Table I Debt to GDP of selected Developed States in 1980 and 2013 in percentage*

Country	1980 in %	2013 in %
USA	42	107
United Kingdom	46	88
Germany	-	80
Japan	50	236

*Sources:* compiled from Fareed Zakaria, 2013:26-7

In the 1980s when the majority of developing states experienced economic crisis and their debt amounted to about 35% of their GDP, various private and multilaterally controlled international financial institutions imposed the one-size-fits-all structural adjustment programme (SAP) in these countries. This not only caused more economic hardship, but also brought about political instability. From 2006 when America, France, Germany, Japan and Britain started to feel the impacts of financial mismanagement, the IMF did not impose SAP on them.<sup>48</sup> The West failed to distinguish between proximate and ultimate explanation to the crisis, but instead, Fed came up with the bailout stimulus packages which saw some private companies taken over by government through recapitalisation with representative. The implication of this is that the abandoned system of government interference in the forces of demand and supply was questioned and compromised. As of mid-October 2014, America calls for reduction in the production of oil by OPEC members of Saudi Arabia, Iran, Iraq and Kuwait to make American shale oil competitive. This is not only imperialistic, but a situation where America is only concerned about its citizens against global development.<sup>49</sup> As of 1980 when ultra-liberal ideas were imposed on other states, the majority of western states' debt percentage of GDP was not less than 40% as above shown in Table I. Despite this, no external forces dictate what to do about the financial crisis they faced.

As discussed above, during the crisis, America did not only approach the usual IFIs to bail the state out, but opted for the internal restructuring

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48 Zakaria, Can America be fixed?, 27.

49 Nicole Friedman, "Oil Prices Sink Further Amid Discord in OPEC", *The Wall Street Journal* (Europe Edition), Vol. XXXII(179) October 14, (2014): 1 &26.

in recapitalisation through public and private means, the stimulus packages for the manufacturing sector (auto companies) and banks, the promotion of the energy sector through hydraulic fracturing, encouraging shale oil and Fed supervisory roles on largest banks are not only anti-globalisation as championed by the US, but also negate the basic tenets of international trade. The economic crisis in Europe paved the way for the US to have a grip in the Eurozone through a direct supervision of the activities of the European Central Bank. Developing states in the EU such as Greece, Portugal and Spain were forced to initiate labour-market reforms such as eradicating minimum-wage requirements and eliminating restrictions on hiring, firing and severance.<sup>50</sup> The implication of this, among others, is that, multinationals that are operating in these states, and by extension, in developing states, will have the opportunity to determine the fate of the labour union; a union that was previously empowered during the 1930s economic depression. From the foregoing, how can one, therefore, locate social sciences theory as a universal paradigm for the development of humanity if not for a certain environment for a certain objective/s?

The West encouraged the establishment of regional and sub-regional institutions in order to address some peculiarities such as economic development, political solution to local conflicts for the sake of cultural affinity, contiguity and cost effectiveness. This is in line with the provision of Chapter 8 of the UN Charter. Though this arrangement is antithetical to the whole principle of globalisation, America and the EU continue to encourage it for further exploitation of weak and developing states.

Not too far away from this development is the issue of currency devaluation. During the 2008 economic onslaught that visited the EU as a result of the US organic linkage with the organisation, other likely IMF economic conditionalities were imposed on periphery members of the EU except for the currency devaluation. Devaluation of currency is being used as a major weapon to cow down developing states. But for the membership of the EU, an institution America wants to preserve at all cost for cultural affinity, this was set aside despite the fact that Italy, Greece, Portugal and Spain failed to meet all the three basic requirements of Optimum Currency Area (OCAT) conditions.<sup>51</sup>

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50 Altman, *The Fall and Rise of the West*, 13.

51 These criteria are: (a) the countries involved should not be hit by asymmetric shocks; (b) there is a high degree of labour mobility and/or wage flexibility among them and (c) there is a centralised fiscal policy in place to redistribute financial or other resources. Other criteria are similarity of shocks and monetary transmission mechanism. For further information on this, see Amusan and Jegede, (2013) and De Grauwe (2000).

## CONCLUSION

Where are we going from here? JM Keynes in his paper titled “The great Slum of 1930” as quoted from Krugman<sup>52</sup> opined that:

*We have involved ourselves in a colossal muddle, having blundered in the control of a delicate machine, the working of which we do not understand. The result is that our possibilities of wealth may run to waste for a time – perhaps for a long time.*

If the mistake of the 1930s is still hunting our understanding of economic development in a bid to adhere to a certain *status quo*, it implies that there are flaws in the theories that bring us to where we are today. The conclusion drawn in this paper as observed by Claude Ake<sup>53</sup> is that:

*Social science, any science, does not exist in a vacuum. It arises in a particular historical context, a particular mode of production. Science in any society is apt to be geared to the interests and impregnated with the values of the ruling class, which ultimately controls the conditions under which science is produced and consumed, by financing research, setting national priorities and controlling the educational system, etc.*

Therefore, in line with Ha-Joon Chang, one can be of a view that the existing system, which the West is trying to preserve at all cost is to perpetuate the skewed mode of production, political system and by extension, ultra-capitalism that subjugate TWSs to the wretched of the earth; this is against Article 55 of the UN Charter, . The West forgets that development is on-going that can be achieved through radical change as was the case in Europe during the movement from feudal to industrial revolution as against technicism advances by western scholars as discussed above. Therefore, it is high time, in line with Ian Flether,<sup>54</sup> to desist from weak intellectual constructs by policy-makers as some of their theories and paradigms are too artificial to capture the complex monopolistic financial system as against original industrial and the competitive system of the 1940s and 50s.<sup>55</sup>

For a meaningful development of TWSs, there is a need to introduce an internal mechanism that promotes economic development as against the neoliberal, free market of small state, deregulation, private ownership and low taxes. The need for this is because going by Rostow and Lewis theories, TWSs are not up to the apex of development stages. Therefore,

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52 Kruman, How Did Economists Get It So Wrong.

53 Ake, Social Science as Imperialism, 134.

54 Flether, Economist are Hopelessly.

55 Shimshon Bichler, and Jonathan Nitzan, “Imperialism and Financialism: A Story of a Nexus,” *Journal of Critical Globalisation Studies*. Issue 5, (2012): 43.

TWSs should follow the philosophy of the nationalist school of mercantilism as the West through subsidy, protection of local industries in order to enhance their growth and get to a global competitive status.<sup>56</sup> There is a possibility of piracy as long as the developed states did the same and continue to do it through patenting politics (Amusan, 2014b).<sup>57</sup> Though the formation of BRICS has its own lapses, it should be pursued with vigour so that there will be alternatives for Bretton Woods institutions. On the issue of regionalism, the Lagos Plan of Action (LPA) came up and is almost gone, but should be reawakening together with other regional integrations arrangements that will eventually lead to continental economic platform for effective collaboration. At least, this is permissible through Chapter 8 of the UN Charter.

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56 Birdsall, Nancy and Fukuyama, Francis "The Post-Washington Consensus," *Foreign Affairs* January/February, (2012): 51-52.

57 Amusan, The Plight of African Resources.



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