

Neither the Washington nor Beijing Consensus: Developmental Models to fit African Realities and Cultures¹

Sanusi L. Sanusi²

1.0 Introduction

The need for radical re-thinking on development strategy is imperative for African countries to be relevant in the global economy. This is further reinforced by the stark reality of extreme poverty in Africa. Over the years, the share of Africa in global trade remained insignificant despite the implementation of the policies that were recommended by international financial and development institutions, such as the International Monetary Fund (IMF) and the World Bank.

The dismal performance of African economies calls to question, the effectiveness of the economic ideologies being prescribed by international institutions, and points to the need for a paradigm shift in order to achieve sustainable development. Over the last quarter of a century, Africa has been at the receiving end of liberal orthodoxy from these institutions that have persistently advocated, amongst others things, privatization of state-owned enterprises, free trade, intellectual property rights protection and deregulation of foreign direct investment (FDI) as requirements for developing countries to grow and develop. This policy prescription was what John Williamson coined the “Washington Consensus”. This neo-liberal ideology is reflected in the policies of the Bretton Woods Institutions: the IMF, the World Bank and the World Trade Organization (WTO).

Specifically, both the IMF and the World Bank condition their offer of assistance to developing countries on the strict adherence to the Washington Consensus policies. The Consensus had continued to be under severe criticism because the performances of countries that adopted its doctrine, especially in Sub-Saharan Africa, Latin America and the former Soviet bloc showed that it had failed to deliver sustained growth as promised by its promoters.

The remarkable economic growth of China in the past 30 years, with the country having declined to adopt the original and extended framework of the Washington Consensus, has raised further doubt on the unassailability of its capabilities. The significant economic miracle of China which has been described as the “Beijing Consensus” by Joshua Cooper Ramo, represents a symbol of China’s success and a challenge to the Washington consensus normative power. The Beijing consensus is enshrined in three principles of innovation, Chaos management promotion and theory of self-determination. These tenets are embedded in the policies of China that features incremental reform, innovation and experimentation, export-led growth, state capitalism and authoritarianism. Though the Beijing consensus had recorded remarkable success, it has, however, been argued, that it might not be sustainable in the long-run because it maintains large state-owned sectors and authoritarianism, which runs contrary to people’s aspirations, as the series of revolutions in the North African countries have shown (Williamson, 2012).

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²Sanusi L. Sanusi is the Governor, Central Bank of Nigeria

In addition, a historical review of how the advanced countries developed shows that they did not adopt policies that they are recommending for the developing countries. As pointed out by Ha-Joon Chang (2003), some of the policies that the Bretton Wood institutions kick against today, were the very policies they adopted for their development. For example, the WTO currently opposes the use of export subsidy and protection of infant industry, whereas the United Kingdom and the United States embraced these policies in their early stages of development. There is therefore, the need for pragmatic policies and institutions that best suit the developmental stages and realities of developing countries in order to achieve sustainable and fast growth, and for the benefits of developed countries in the long-run (Ha-Joon, 2003).

Against the apparent failure of the Washington Consensus as applied in developing countries, and the possibility of the un-sustainability of the Beijing consensus in the long-run, there must be a paradigm shift in Africa's development strategy for sustainable economic development. The new approach should identify development paths that focus on a pragmatic commitment to progressive change as a possible alternative to the current development strategy. The question remains whether Africa can leverage on its potentials of huge natural resources, regional market size and human resources to formulate a radical development strategy that fit its realities and cultures without adopting the tenets of the Washington and the Beijing consensus.

The objective of this paper is to present my views on this contentious issue. Following this introduction, section 2 explains the Washington and the Beijing Consensus' developmental ideologies and some related trade theories. Section 3 reviews the consensus' and development in African economies; Section 4 discusses the lessons from the growth strategies by China and India. Section 5 highlights a new development strategy for Africa while section 6 reviews Nigeria's recent developmental approach. Section 7 addresses some likely challenges to the new paradigm and section 8 concludes the paper.

2.0 The Washington and Beijing Consensus': Developmental Ideologies

□ *The Washington Consensus:*

The phrase Washington Consensus was first coined by John Williamson in 1989 in his work where he showed the inadequacy of Latin American reforms and identified areas that needed further improvement. It simply expressed the widely held view in Washington and by international development institutions that there is a path that developing countries' economic reforms should follow to absorb aid efficiently. The Washington consensus contains ten rules namely, fiscal discipline, tax reform, re-ordering public expenditure priorities, competitive exchange rate, privatization, trade liberalization, liberalizing interest rates, deregulation, liberalizing of inward FDI and property rights. These rules mirrored the tenets of liberal market-oriented capitalism and policies of the then Ronald Reagan and Margaret Thatcher governments, which were strong promoters of capitalism and neo-liberal ideology. Neo-liberal ideology derived its tenets from the work of 18th century Economist, Adam Smith, who advocated free trade among nations as a way of promoting global growth. The policy prescriptions of conditioning aid and compelling developing countries to open their capital accounts and promote

unhindered movement of portfolio investment across international borders by the IMF and World Bank have close similarities to the tenets of the Washington consensus.

□ *Beijing Consensus*

The Beijing consensus emanated from the published work of Joshua Cooper Ramo in 2004, where he described the social and economic transformation of China as the new physics of power and development. Transformation under the consensus was embedded in three principles namely Innovation, promoting works through Chaos management and self-determination (Kennedy, 2008). By the first component, China's economic success was rooted in constant innovations that improved its total factor productivity, while the second represents China's quest for economic development which was not limited to growth but equitable distribution of wealth. The third component symbolizes the ability of China to chart and maintain her developmental policies as a model for other countries to follow and emulate (Kennedy, 2008). Therefore, the term Beijing consensus was the sum of the five pillars of the economic policies of China over the years which included incremental reform, innovation and experimentation, export-led growth, state capitalism and authoritarianism (Williamson, 2010). The next sub-section briefly examines some related theories of trade from which neo-liberal ideology derived its tenets.

2.1 Trade Theories

Free trade originated from the traditional theory of comparative advantage which asserts that nations tend to gain from trade if they specialize in the export of commodities they can produce at the cheapest cost. The benefits from trade arise among unequal trading countries because of differences in comparative advantage. An extension of the theory of free trade is the neo-classical factor endowment trade theory, propounded by Eli Hecksher and Bertil Ohlin- Swedish economists. The theory postulates that, under the assumptions of equal factor prices and equal technological possibilities, a country with relatively cheap labour enjoys relative cost and price advantages over nations with relatively high labour cost in producing labour-intensive goods, the converse holds for a country that enjoys relatively cheap capital. Therefore, developing countries should specialise in the production of labour-intensive products, and export the surplus in return for import of capital-intensive products from developed countries. The basic conclusions from these theories were that, countries stand to gain from free trade and that output increases in a free trade environment, Furthermore, identical technology in a free market equalises factor prices across participating nations and free trade increases the share of national income accruing to labour. Finally, free capital flow and human resources benefit nations (Todaro and Smith, 2009). The Washington consensus derived its tenets from these neo-classical ideologies. However, some of these neo-classical ideologies have been challenged by the new development thinking in the light of the reality in the contemporary world, especially in developing countries.

3.0 The Consensus' and Development in African Countries

3.1 Implications of the Consensus' for Development in Africa

Although, most African Countries have continued to apply the principles of both consensuses in their economic policies, the road to development remains bleak with very little consideration for

their growth potentials. According to Manuel (2003), one of the most important drawbacks of the Washington Consensus was that, while it provided a good mixture of reforms to stabilize an economy and encouraged private sector activities, *it did very little to help resolve structural and institutional constraints on growth*. He noted that part of Africa's growth problems were the incentives and disincentives embedded in the global environment, which had reduced the continent to mere exporter of primary commodities.

The continent's economic growth has been grossly inhibited by a global trade system inimical to the full exploitation of its comparative advantage. Furthermore, limited market access for low-cost textiles, cotton, and agricultural products and competition from heavily subsidized exports from industrialized economies has effectively prevented growth (Manual, 2003). Thus, unable to produce capital intensive goods, African countries have been reduced to net importers of finished products. Hence, for African economies to achieve their growth potentials, they should be able to utilize their export earnings to broaden their production base and productivity.

The primary commodities that are sources of export earnings have become highly susceptible to price volatility and adverse shifts in the terms of trade. Price volatility has not only resulted from adverse weather conditions and other supply shocks, but also from the secular decline in real prices caused by structural oversupply in commodity markets from output in the advanced economies (Kahl, 2004). Furthermore, the lack of support for price stabilization through commodity agreements by the international community hinders favourable pricing.

While the World Bank and IMF are constantly discouraging the use of subsidies in African countries in line with one of the tenets of the Washington Consensus, the developed countries have continued to use subsidies to stabilize their economy, particularly in critical sectors such as the agricultural sector. For instance, the 2002 cotton subsidies to the US and EU producers distorted world prices with the adverse loss in revenue to Africa being more than the total Highly Indebted Poor Countries (HIPC) debt relief initiative during the period. Such occurrences have the potential of further building-up external debt stock due to the fiscal insolvency that could arise from limited export revenue and declining terms of trade.

Manuel (2003) argued that the reliance on a single commodity export partly reflects inadequate external incentives to diversify production. Consequently, the Washington Consensus tenet of broadening the tax base and lowering marginal tax rates would continue to be extremely difficult to achieve in Africa due to the massive dependence on a single source of tax revenue.

Trade liberalization as required by the Washington Consensus further compounded Africa's problems as African countries have been unable to develop efficient and low cost industries that could compete favourably in the global market. Thus, while many countries outside Africa have been able to liberalize foreign trade to increase their share of global trade, Africa had witnessed declining terms of trade with adverse effects on export revenue and real exchange rate.

Although, the Washington Consensus could be said to have improved macroeconomic stability in Sub-Sahara Africa (SSA), it had not facilitated the solution to development in Africa and developing countries in general. This observation was supported by Woo (2004), who elucidated that although Indonesia, Korea and Thailand implemented the Washington Consensus type of policies to counter the Asian financial crisis, they suffered deeper output losses for a longer period than Malaysia, which adopted capital controls instead.

The ability of the Beijing Consensus to ensure sustainable economic development in Africa is also in doubt. Williamson (2012) argues that the Beijing Consensus could best be described as protecting China's "self-interest" rather than a genuine concern for Africa's developmental needs. For instance, Chinese loans and grants to Africa were closely linked with trade and investments in Chinese commodities. In 2004, the Chinese government granted Angola long-term non-concessional loan of US\$2 billion on the condition that 70 per cent of the total loan contracts would be awarded to Chinese companies. The loan was also conditioned on the fact that China would import 10,000 barrels of crude per day from Angola throughout the loan tenure. The terms of the loan clearly showed that it was not designed to have meaningful impact on the citizens and poverty alleviation through domestic job creation. To support the notion that Beijing consensus is more of "self-interest", Lammers (2007) noted that, the Chinese development assistance and soft loans to Africa had given China the opportunity to explore Africa's oil-fields as experienced in Angola and Sudan. So also were access to fishing waters in Sierra-Leone and Gabon, and agricultural land in Zambia and Zimbabwe.

3.2 The Performance of African Economies under the Consensuses

Available statistics revealed that Africa had largely under-performed when compared to other developing regions. Economic growth in Sub-Saharan Africa (SSA) had been low; with an average real gross domestic product (GDP) growth rate of 2.6 per cent in the 1980's compared to 6.7 per cent in developing Asia over the same period. The global oil price shocks that occurred in the early 1980s worsened the economic performance in most African economies and led to the adoption of economic measures in the spirit of the Washington consensus. Noteworthy, is the Structural Adjustment Program (SAP) with key policy measures designed to achieve economic stabilization and enhance efficiency in resource allocation mainly through economic restructuring and macroeconomic balance. During this period, the growth rate of SSA declined precipitously from 2.3 per cent in 1985 to 0.8 per cent in 1986, whereas Developing Asia recorded a growth rate of 6.1 per cent in 1986.

In the 1990's, the economic performance of SSA declined further to an average of 2.4 per cent, while that of Developing Asia improved to 7.4 per cent. Although, the performance of SSA strengthened in the 2000's, Developing Asia continued to outperform SSA. Thus, in 2011, Developing Asia growth rate stood at 8.2 per cent, while that of SSA was 5.2 per cent.

□ Inflation Rate

The consumer price inflation of SSA had been within tolerable limits and relatively stable compared to the episodes of unprecedented high inflation rates in three-digit experienced in Latin America and the Caribbean region, between 1983 and 1994. This arose from severe debt crisis,

excessive import dependency, increased international commodity prices and structural bottlenecks. For SSA, the highest inflation rate recorded was 46.1 per cent in 1994, induced by agricultural supply shocks and inflation inertia. The inflationary pressure had since reversed as the consumer price inflation declined from an average of 24.4 per cent in the 1990's to 10.3 per cent in 2000-2009. However, SSA inflation rates had consistently remained above world inflation rate since 1991.

□ *Investment Flows*

The foreign direct investment boom that began in the early 1990's was mainly channeled to emerging economies, Developing Asia and Latin America/Caribbean economies. In the 1990's, FDI (net) in developing Asia and Latin America/Caribbean economies stood at US\$40.4 billion and US\$33.3 billion, respectively. It was however a modest US\$2.5 billion in SSA. The share of SSA in global FDI flows fell from an average of 4.0 per cent from 1980-1989 to 1.5 per cent in 1990-99 and thereafter rose to 3.4 per cent in 2000-2009. In contrast, the share of developing Asia in global FDI flow increased steadily, reaching a peak of 28.3 per cent in the period 1990-1999. The dismal performance of SSA in attracting FDI had been attributed to political and economic instability, corruption and the high cost of doing business. Furthermore, the endorsement of Bilateral Investment Treaties (BITs), Double Taxation Treaties (DTTs) and the adoption of multilateral agreements under the Multilateral Investment Guarantee Agency (MIGA), have yielded minimal improvement in inflow.

The performance of the region had however, improved modestly in recent years, owing largely to the economic reform initiatives to improve the investment climate. These included the privatization of state-owned enterprises, establishment of export processing zones, improvements in infrastructure and review of FDI regulatory frameworks. FDI net flows of US\$16.9 billion were thus recorded in the period 2000 -2009, this was however, lower than the amount recorded in Asia, Latin America and the Caribbean economies. On annualized basis, SSA's share increased slightly from 3.1 per cent in 2010 to 4.0 per cent in 2011.

4.0 Lessons from the Growth Strategies by China and India

A review of the strategies adopted by China and India in achieving their impressive growth revealed that both countries insulated their economies from international trade through import tariffs, export subsidies, and quantitative restrictions, in addition to the provision of subsidies to the manufacturing sector. Extensive regulation of economic activities was enforced until 1991. State control of the financial sector and financial flows was adopted to manage the economy and guide resources to priority sectors.

In China, gradual economic reforms were adopted in which government promoted synergy between social division of labour and growing national market. Through this mechanism, it was easy to harness the expanding skilled manpower from massive push for education; the country also adopted large social division of labour and favoured foreign capitalists to promote national development. China's promotion of Township and Village Enterprises (TVEs) also aided the

country's rapid development. This programme was introduced between 1978-1983 under Household Responsibility System reform where the control over agricultural surpluses was handed over to households and communities. The reform was further complemented by fiscal decentralization and the use of fiscal residual for bonuses. Fiscal decentralization enabled local governments to have autonomy and contribute to national economy directly, while fiscal residual bonus rewarded communities according to their contribution to the national economy. Through these reforms, TVEs became the central strategy to explore entrepreneurship energies in order to achieve national developmental objectives. China's developmental path moved from agriculture into manufacturing, before transiting to the services sector. In summary, China's policies were embedded in incremental reforms, innovations and experimentation, export-led growth, state capitalism and authoritarianism.

The Indian model leaned towards a shift to services sector and ICT, as its growth was induced by rapid growth in technological advancement in the services sector through the mechanism of free market, education and innovation. The country's developmental path directly transformed into the services sector from the agricultural sector, with the manufacturing sector remaining light.

Commonly, China and India based their industrialization on short-term autarky policies involving state control on investments and import quotas with rapid swing from agriculture. They ensured that industrial development in the private sector were kept within the national plan to prevent the diversion of foreign exchange and other investment funds to non-socially desirable sectors. Large-scale infrastructural developments were also undertaken. Both nations have evidently surpassed the performance of most countries that adopted the Washington and Beijing consensus" policies.

This posts the need for a paradigm shift in Africa's developmental efforts that have not achieved set objectives. Most African countries, including Nigeria share certain similarities with the two countries in terms of their large population, massive supply of relatively educated and cheap labour, and existence of huge domestic markets essential for the attraction of foreign investment. For Africa to emerge from the present economic problem there is need for development strategies that fit into the unique nature of the continent. This requires a clear break from the past and a change in vision. In adopting alternative strategies, planners must take cognizance of differences in its social-economic and political structures. A wholesome adoption of both the Chinese and Indian models is not advisable given that the world economy has changed significantly from what it was when these two countries adopted their respective models, but beneficial strategies within the two models could be adopted. A valuable alternative model for Africa therefore must be unique to the nature of its economies.

5.0 A New Developmental Strategy for Africa

Based on the experiences of China and India, and taking cognizance of the realities of the African economic setting, there is need to fashion a new developmental strategy for Africa. The thrust of such developmental strategy must be focused towards harnessing the continent's rich natural resources, and managing them in such a way as to become a major player in the global economy

without sacrificing the need for an inclusive development. This can be done through government intervention and later adoption of free market to promote economic growth. To this end, some of the strategies that can kick start Africa's economic transformation are suggested below:

□ ***Regional Integration***

Regional integration is indeed the continent's biggest challenge, even though several countries in Africa belong to one regional grouping or the other. Although there has been some achievements across some of these groupings such as the free movement of persons and customs union in the Economic Community of West African States (ECOWAS), and common currency in the West African Economic and Monetary Union (UEMOA), Southern African Development Community (SADC), Southern African Customs Union (SACU) and East African Community (EAC). These achievements have to be strengthened and replicated across Africa to further promote the inter-complementarity of goods, trade facilitation and free movements of the factor of production, amongst others. The process of integration would also assist in regional infrastructure development in critical areas like energy, transport, communication/ICT systems, roads and rail transportation. This would reduce production costs and increase economic activities across the continent. In addition, it would also strengthen Africa's political voice, improve collective negotiations to achieve more favourable outcomes on the external front. Other benefits would include enhanced access to international markets and fair price for resource exploitation as well as attracting investment flows to the continent.

□ ***Investment in Human Capital***

Africa has a young population compared to the ageing societies across the world. Skill acquisition is critical to turn this resource into wealth. For example, for the manufacturing sector to take off the new development strategy must avoid the current fragmented approach to education which is not adapted to the developmental needs of the African economies, hence, emphasis should be placed on tailoring education to growth sectors. Education and training in cutting edge technologies would enable countries to adjust more swiftly to the challenges of globalization as enterprises become more flexible and better able to absorb new technologies. As such an integrated approach to education would enhance human resources development and create sufficient skilled manpower desired for the enhancement of industrial production. In particular, acquisition of requisite skills is also crucial for the development of Africa's informal sector, which account for the lion share of employment. In the short-term, technical and vocational skills are critical for building agro-allied industries using basic technology.

□ ***Utilization of Natural Resources for Development***

Aside human resources, the continent should leverage on the vast endowment of natural resources like land, water resources, solid minerals, oil and gas and renewal energy to launch itself into the next development phase. Unproductive practices such as land tenure system must be discarded, while property rights and rule of law must be enforced. Agreements on mining rights must ensure fair pricing and sustainability of these natural resources.

□ ***Institution of Good Governance and Zero Tolerance for Corruption***

Institutional development and good governance anchored on the rule of law are paramount for sustainable development. Strong political commitment on the part of the relevant authorities is also quintessential. Enhancing the operation of public enterprises is essential to address corruption and improve efficiency. Like China, African countries should encourage the adoption of a zero tolerance policy against corruption by instituting severe punishment to penalize and control/eliminate corruption.

7.0 Some Likely Challenges to the New Paradigm

In order for Africa to succeed under the proposed new economic development paradigm, the continent must cultivate a sense of urgency in overcoming some of the likely challenges currently confronting it. These challenges include:

□ ***Corruption***

The high incidence of corruption constitutes a major challenge to the successful implementation of any new development strategies in Africa. The effects of corruption are multi-dimensional. Corruption promotes the diversion, depletion and misallocation of scarce resources, as well as increase in the costs of production of goods and services. It results in inefficient state ownership, excessive private accumulation and widening inequalities. The lack of transparency and accountability associated with corruption prevents public participation in the decision-making process thus, limiting positive developmental outcomes. The multiplicity of functions and the wanton duplication of agencies in some African countries equally promote wastages and inefficiencies in the management of resources. Corruption also distorts fiscal discipline and impedes institution of good corporate governance practices.

□ ***Market Access***

Low level of inter-complementarity of African goods limits the ability of the continent to support a high level of intra-African trade. This results from the production of the same category of goods -primary goods, in addition to the fact that they service the same international market. There is a strong need therefore for diversification of the production base in Africa. Market access is also greatly reduced by the existence of sanitary phytosanitary measures conditions under the WTO, which promotes conditions that African countries cannot meet. There is need for the revaluation of the international trade rules that have limited the bargaining power of the continent. Due to the weaknesses of the domestic production base, African countries are unable to reciprocate the most favourable nation status in countries with which they sign bilateral trade agreements, and also fully participate in preferential trade agreements such as the African Growth and Opportunity Act (AGOA) and Economic Partnership Agreement (EPA).

□ ***Technological Constraints***

The low technology base in Africa is a major constraint to development. Old technologies are often deployed with over-reliance on traditional methods of production which results in low productivity and competitiveness due to the lack of economies of scale. African countries have

also been unable to develop cutting edge technologies owing to weak research and development. This results from poor funding of research institutes and science education. There is need therefore for better funding of research initiatives in order to stimulate technological advancements.

□ ***Structural/Institutional Constraints***

The lack of critical infrastructure such as transport and communication networks does not support the growth of economic activities in Africa. The inadequate supply of electricity, for example, leads to increase in production costs thereby rendering products expensive. Most of the existing legal infrastructure that is vital for the enforcement of competition laws, bankruptcy and other commercial laws are weak and inadequate. Rule of law, property rights, among others must therefore be firmly rooted to provide the enabling legal environment for Africa's development.

□ ***Information/Data Constraints***

Many development projects are poorly implemented due to lack of data, which often lead to insufficient knowledge on the magnitude developmental challenge. The poor data base is largely due to lack of adequate infrastructure and skills for data mapping and analysis. There is need to focus on addressing these challenges to aid effective policy formulation and implementation.

□ ***Access to Credit***

Entrepreneurs and investors are exposed to limited credit channels which constrains competitive business expansion and productivity growth. Increases in foreign capital inflows and developmental aids have reversed following the global financial crisis. FDI inflows are relatively low making long-term investment difficult. There is need to re-engineer the credit market in Africa so that the needs of entrepreneurs can be adequately met.

□ ***Climate Change/Natural Disasters***

The impact of climate change and global warming that mostly emanates from the industrialized countries makes Africa vulnerable to counter-productive forces. Rising incidence of natural disasters including droughts, floods, tropical storms, soil erosion and landslides are major threats to human life and property imposing huge social and economic losses. The lack of capabilities to accurately predict, monitor and mitigate the above sources of environmental degradation has severely constrained development efforts in Africa.

□ ***Trade Retaliation***

Africa's attempt to protect infant industries may provoke retaliations from trading partners that could further shrink the market for Africa's exports. Subsidies and fiscal incentives for domestic producers may induce tariff changes that could limit trade with other countries. Trade retaliation is no doubt a major threat to the new development strategy for Africa.

□ *Violent Conflicts*

The prevalence of conflicts and social instabilities are among the major problems turning African countries into fragile states. The continent has the high concentration of the world's poorest people with little or no social safety nets. Civil unrests, inter-religious and ethnic conflicts are prevalent in most of the countries. There are numerous cases of domestic and imported security problems as exemplified by the recent war in Libya and the political crisis; as well as the terrorist attacks across the continent. The inability to resolve conflicts erodes the desired sense of equity, fairness, motivation, consensus building, ownership and participation in the development process. Poverty and inequality may also pose challenges to the new development strategies that require painful sacrifices.

□ *Environmental Issues*

Inadequate access to modern and safe energy sources and the excessive use of firewood in rural Africa distorts ecological balance and stifle growth. Ecological hazards like soil erosion, floods, desertification, ocean/desert encroachment and deforestation are among the major development constraints in Africa. Poor sanitary conditions, gas flaring/carbon emissions, lack of access to safe drinking water, poor quality healthcare and poor nutrition all need to be addressed for development to take off.

□ *Physical/Human Capital*

Knowledge gaps are prevalent in Africa and are generally known to constrain investment growth by diminishing returns to capital. Knowledge is a vital input into the production process and can be shared without necessarily increasing costs or diminishing the facilitator's intellect. Investments in human capital are needed for management expertise, product and process innovations and overseas marketing channels. Increased knowledge can boost productivity with limited amount of resources. Knowledge is also essential for capacity building and product development and is thus a key catalyst to development.

8.0 Conclusion

Africa with its huge natural resources, regional market size and human resources ought not to be a marginal player in the global economy. Neither the Washington Consensus nor the Beijing Consensus can bring about the desired change. The implications of the structure of African economies need to be critically appraised in order to identify an appropriate African Consensus - for its development model. In this regard, a developmental strategy for the continent would include a framework that embrace competitive regional and international trade, development of critical infrastructural, harnessing of the potential of the huge natural resource endowment, including abundant labour force and large domestic market.

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