



*A research project by  
The Mapungubwe Institute  
for Strategic Reflection  
(MISTRA)*

## The Great Recession and its Implications for Human Values: Lessons for Africa

### Executive Summary

MISTRA's 2016 book, *The Great Recession and its Implications for Human Values: Lessons for Africa*, is a contemporary analysis of global political economy, a decade after the onset of the Great Recession. Given the long-standing connection of African societies to international production and trade, the book reflects on both the current historical moment of the world capitalist economy and socio-economic realities of African countries. Replete with statistical data, analyses of various perspectives and a range of interpretations of the implications for policy, the book's findings speak to policy makers, lobbyists, civil society organisations focusing on socioeconomic

policy, thought leaders in large and small business and students of politics, economics, sociology and public policy. Moving beyond narrow economism and the geographic borders of the African continent, the book provides African perspectives on the Great Recession and its moral and ethical implications globally. These perspectives are considered in dialogue with critical thinkers in Asia and the Americas and are of relevance to students of Africa around the world.

## Key Questions and Arguments

The first key question to which the book aims to respond is how it is that the period leading up to 2007–08 – the start of the Great Recession – was characterised by high economic growth but also by rising inequality in most of the world? Neoliberal capitalism is argued to be at the core of growing inequality illustrated, for instance, in the OXFAM statistic that 62 individuals now control more than half of the global wealth. In the neoliberal paradigm, it is argued, personal accumulation has been privileged over society-wide progress; individual greed has taken precedence over values of communitarian existence, and destruction of the ecosystem has prevailed over notions of environmental preservation.

As a result of an ongoing elite embracing of the neoliberal paradigm, state interventions following the Great Recession have led to stagnation in the world economy, giving rise to protest movements, right wing mobilisation, regional tensions and heightened terrorism globally. Most economists had initially predicted that African economies would

not be severely affected by the Great Recession. However, a couple of years into crisis, portfolio capital began leaving the continent and the demand for commodities shrunk – with dire consequences for financial sectors in African countries.

Overall, societies worldwide are facing a multi-faceted crisis, straddling economic, political, environmental and security issues – the most adverse effects of which are faced by women and the youth. This leads to the second major research question addressed in the book: Given the context of multiple crises, what alternatives exist to neoliberal responses? The contributors to this volume all provide different answers to this question, but all agree that laissez-faire markets have created havoc in the global commons and that humane values must be the central premise for social relations. The strength of each alternative and the possibilities of combining them are the basis for a debate opened by this volume and a crucial one to be taken up by analysts, researchers and policymakers alike

## Highlights of the Book

On the global crisis and values:

- The current crisis in the world economy is similar to and yet different from previous crises: distinguishing features are the depth of its impact; the extent of its reach; the extent of its persistence; the generalised socio-political questions it brings forth and the seeming incapacity of leaders around the world to provide meaningful responses.
- The current form of global capitalism is causing significant harm to the human community and, to a higher degree, countries of the South.
- Human values have been reduced to market values which have eroded social solidarity.
- Self-absorbed, institutionalised greed is systematically destroying economies globally.

- The Great Recession has unfolded alongside a yet more fundamental global crisis, namely the climate crisis. The triple threats of rising pollution, natural resource depletion and decreasing biodiversity bring into question the very survival of planet Earth.
- According to the African Development Bank, major public protests in the continent increased from an index of 100 in the year 2000 to 550 in 2013. The main causes of the protests were socio-economic inequalities.

On Africa Rising:

- Prior to 2007, high growth in Africa was mainly propelled by high primary commodity prices which did not translate into improvements in employment, poverty reduction or increased

provision of goods and services for the majority of Africans.

- The Africa Rising narrative is based on economic growth that is focused on formal economic activity and multinational corporations that exclude small business and informal economies in Africa. However, the latter are the heart of socio-economic activity and hope for Africa's future.
- Though the notion of a growing middle class in Africa is often mentioned as part of the Africa Rising narrative, it is rarely mentioned that the criterion for 'middle class' is set at very low consumption, namely 2.20 US dollars per day.

On well-being in Africa:

- Despite a period of high growth, resource-rich countries in Africa are falling behind others in the continent in health, education and other measures of well-being.
- Only 10 per cent of African women have access to birth control. Most are therefore unable to make informed decisions about childbearing.

- Maternal deaths in Africa have fallen by 42 per cent since 1990.
- Nine out of 50 African countries (with available data) prohibit married women from applying for passports independently and 15 out of 50 prohibit married women from choosing their place of residence.
- Though there is increasing gender parity in formal politics in Africa, there are still only 22 women for every 100 men in parliamentary and ministerial roles.
- Narratives and statistics should not only capture economic growth rates but also the quality of that growth and the experiences of ordinary Africans.

*Small businesses and informal economies are at the heart of hope for Africa's future.*

## Policy Recommendations

1. New economic thought must be generated to reconfigure social relations and to work towards the collective interest of humanity. The experiences of developmental states such as China – combined with the best attributes of social democratic states – adapted to the contexts of the African continent, can provide a new basis for socio-economic policy.
2. Moving beyond both statist and market models, what is needed is a society-focused development path, which allows for the building of a participatory political-economic system in harmony with nature. Current political choices and development policy-making in Bolivia are instructive.
3. Bhutan's National Happiness Index, measuring development in multiple dimensions, is an important tool to assist in achieving society-focused development. All development plans in Bhutan are audited using this index.
4. The solution to the current predicament is to move to a 'horizontal economy' or a highly integrated economic system driven by localised production and consumption led by small

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- businesses. The horizontal economy entails rejecting the notion of 'economies of scale', internalising externalities and championing human capital, the most important resource for development in 21st century Africa.
5. Addressing gender imbalances in Africa should be prioritised. A gender-development approach will benefit all of society, not only women, and should therefore be the concern of African governments and traditional African institutions. Advances in this area will also help to counter falling growth prospects for the continent.
  6. Global society must liberate itself from the notion that the market has the inherent ability to achieve the greatest good.
  7. Global eradication of poverty and under-development must be a universal goal adopted by all states, with sufficient transfers of capital to all countries as the primary mechanism to achieve this.
  8. Keynesian counter-cyclical measures, as adopted to deal with the Great Recession, have not brought the major improvements required in the world economy. Alternative global political and economic approaches are long overdue.
  9. State intervention must ensure both the expansion of the wealth of the nation and the equitable distribution of this wealth to facilitate the overall development of all citizens.
  10. ALBA, the Bolivarian Alliance for the Peoples of our America, is a regional trade agreement based on cooperation between nations rather than competition. For instance, Cuba, with its large supply of competent doctors, sends physicians to Venezuela while receiving Venezuelan oil. This model could unite African countries and serve diverse needs of the continent.

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*The MISTRA book containing the research findings and detailed recommendations, entitled The Great Recession and its Implications for Human Values: Lessons for Africa, can be purchased from: [sales@mistra.co.za](mailto:sales@mistra.co.za)*

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