

# **African Stagnation and Underdevelopment**

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## **Introduction**

Sub-Saharan Africa is the only part of the world experiencing "absolute declines on virtually all indices of socioeconomic development" (Lubeck, 1992: 520). Across Africa today, millions of people do not have access to food and safe drinking water, 75% of people lack appropriate sanitation, and every year two million children die in the first twelve months of their lives (Schwab, 2001: 6). More than half of Africans currently live below the poverty line. Population growth in Africa – expected to reach 1.6 billion by 2025 (Rasheed, 1996: 2) – and a large scale environmental degradation will only increase the number of people living in extreme poverty and push Africa to further human suffering through civil wars, economic stagnation, and underdevelopment.

What caused the collapse in sub-Saharan Africa? Is economic stagnation mainly the manifestation of a crisis in the state? It would be too simple to blame only African states, colonialism, climate, or the developed world for Africa's stagnation. This research paper will demonstrate that African economic stagnation is the result of colonial legacies, international community's bad policies and influences, and the failure of African leaders after independence to organize, modernize, and develop their countries. I will show that colonial policies greatly influenced the post-colonial state failures, economic policies, export/import dependencies, and lack of qualified human capital in sub-Saharan Africa. This external influence continued after independence in the form of international organizations such as the International Monetary Fund (IMF) and World Bank. At the same time, through greed, despotism, conflict, inability to establish rule of law and safety, and bad economic policies, African leaders destroyed economies of their countries in the decades after independence.

The focus of this study will be on sub-Saharan African countries and their economic stagnation. The majority of experts exclude South Africa in the studies of sub-Saharan underdevelopment. Presented data in this paper will also exclude South African economic performance. While there are substantial differences in economic development on the African continent, this study will not focus on specific states and their performances, but will look at the sub-Saharan economic stagnation as a whole.

The first part of the paper will discuss colonial legacies that influenced African economic stagnation. The second part will present the crisis of the state and leadership failures after independence. The third part of the paper will examine external factors that influenced African underdevelopment. The fourth part will discuss the future of sub-Saharan African countries in globalized world.

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## **Impact of Colonialism on Africa's Stagnation**

This part of the paper will discuss colonial legacies that influenced African economic stagnation. Examining colonialism is very important since the roots of many problems that African countries faced since independence – from ethnic divisions, conflicts, economic dependencies, to authoritarianism – could be found in the policies implemented by the colonial powers.

Sandbrook (1985: 42) emphasizes that political and ethnic tensions in Africa after independence cannot be understood without putting them in the context of colonial times. Guest (2004: 111) notes that ethnic conflicts in Africa have "roots in manipulation of tribal loyalties by the colonial authorities." In order to successfully control large masses with small number of soldiers and officials, colonial powers used "divide and rule" policies that left divisions and hatred on the continent.

According to Mbeki (2005: 3), one of the main reasons for wars and conflicts in Africa since independence had been creation of arbitrary boundaries and new countries without regard to ethnic differences. Sandbrook (1985: 42) notes that colonialists, while drawing the modern map of Africa, paid no attention to ethnic, cultural, and linguistic criteria and often put bitter enemies together or divided homogeneous groups into separate countries. Easterly and Levine (1997: 1214) claim that the high level of ethnic diversity and widespread ethnic conflict held back economic growth in post-independence Africa.

The goal of African colonizers was not an economic boom and modernization of the continent, but exploitation of African resources and labor. Mabogunje (2000: 14007) writes that during colonial rule, Africa experienced economic growth but not sustainable economic development. Economic growth was fueled by introduction of crops such as coffee, cocoa, tea, and cotton, extraction of minerals and other natural resources, and building infrastructure to support this exploitation. Sandbrook (1985: 21) writes that colonial powers in Africa put barriers to industrialization and sustainable development by structuring the economies of their colonies "in a self-serving fashion. The benefits they obtained included secure sources of inexpensive raw materials and foodstuffs and markets for their manufactured goods." Mabogunje (2000: 14008) notes that colonialists did nothing to help African countries develop, transform, and adopt their economies "to a capitalist system of production or to enable them to sustain economic growth."

The colonial system was set up in a way that Africa became dependent on educated outsiders (Europeans). At the same time, the majority of Africans did not receive any education, while those who were educated became servants or assistants of the white rulers. This caused shortage of qualified human resources that would take the leadership after independence. Sandbrook (1985: 19-20) gives a few examples: At the time of independence in 1960, Zaire had not any African doctors, lawyers, or engineers. In 1955, only 700 Nigerians held senior posts in the Nigerian civil service, compared to 2,300 held by Europeans. Ayittey (1998: 41) writes that Tanzania had only 16 university graduates at the time of its independence. Portuguese left Guinea-Bissau with only 14 university graduates and an illiteracy rate of 97%.

Sandbrook (1985: 85) writes that colonial governments ruled through "authoritarian administrative apparatuses, with a powerful governor at the helm." After independence, the majority of new African leaders simply continued to rule like their former colonizers. Political scientists Peter Schwab (2001: 26) writes about the destruction that colonialism left behind in Africa, thus limiting later success of African states:

Independent Africa was given little opportunity to begin the era of freedom with much of a chance for political or economic success. Economies were destroyed, resources were all but stolen and removed to the Western metropolises, people were enslaved, ethnic harmony was sundered and often replaced by fratricide,

elite/traditional dichotomies were provoked as normative and customary authorities were made impotent, politics was treated dismissively, while obsequious politicians were infantilized.

Colonial powers left some good things in Africa too, such as roads, laws, and clinics. Many African countries had higher per capita income levels before independence (Mbeki, 2005: 2). Guest (2004: 9) writes that, "if only colonialism was what held Africa back, the continent would have boomed when the settlers left. It did not." The reasons for this will be discussed in the next part of the paper.

This part of the paper has discussed the impact of colonialism that influenced economic stagnation in sub-Saharan Africa. The next part will discuss the state and leadership failures after independence.

## **State Failures**

This part of the paper will discuss economic stagnation in Africa influenced by post-independence leaders and governments. I will examine economic policies, dictatorship and personal rule, and wars and refugees.

## **Economic Policies**

In order to encourage economic development and investments in any country, leadership has to put following in place: an environment of security of property, political stability, social harmony, and respected legal code that protects the rights of the owners. Furthermore, the state has to offer infrastructure such as roads, ports, airports, railways, electricity, water, and telecommunications, and supply of well educated and skilled labor force (Sandbrook 1985: 33-34; Friedman, 2006: 398). The majority of African states have never created these conditions (Sandbrook, 1985: 12; Easterly and Levine, 1997: 1241).

Picard (1994: 8) writes that many African countries chose a model of highly centralized government after independence. Yahaya and Bur (1994: 37) write that African countries accepted the Keynesian macroeconomic model as "the intellectual rationale for state intervention in the economy." This model strengthened bureaucracy and created inefficient and oversized state. Keynesian macroeconomic model is an economic theory stating that "active government intervention in the marketplace and monetary policy is the best method of ensuring economic growth and stability" (Investopedia). According to Duany (2004: 129), embracing theories of a centrally controlled, egalitarian, and socialist society by many African elites after independence was a costly failure. Sadig Rasheed (1996: 116), a development economist at the UN Economic Commission for Africa, writes about the impact of centralized African governments on economic development:

The states and their overextended control over economic matters, the imposition of extensive regulations and controls and the exclusive and arbitrary licensing and approval powers with which public officials are invested in such situations have created ample opportunities for the abuse of office for personal gain.

Zack-Williams (2002: 1-2) writes that African states, instead of changing their economic systems after independence, continued "business as usual," in which African countries were dependent on goods imported from their former colonizers in exchange for cheap raw materials. According to the World Bank, one of the main failures in post-independence Africa was "copying" rather than "adopting" Western economic models and policies to the African conditions (Mabogunje, 2000: 14007).

Meier and Rauch (2000: 65) note that "comparatively poor record on export volumes and the failure to diversify out of primary product exports," were the most serious African economic failures after independence. Sub-Saharan countries accounted for 3% of the share of world exports in 1950. Five decades later, the share is 1.5% (Hoogvelt, 2002: 17). One of the causes of economic decline during the 1970s and 1980s in many African countries was the introduction of fixed and over-valued exchange rates that reduced the profitability of exports (Meier and Rauch, 2000: 65). Guest (2004: 12) notes that, even though Africa currently consists of a tenth of the world's population, its share of world trade is 2%.

One of the biggest failures in the majority of African countries was abandoning food production and modernization of agriculture after independence. Ayittey (1998: 138) writes that African leaders saw agriculture as "too backward and not featuring in the grandiose plans to industrialize Africa." Instead of supporting local food production, inappropriate policies put "price controls on food, low producer prices for agricultural exports, and overvalued currencies" (Sandbrook, 1985: 37). Another reason for decline in agricultural production is the fact that many African states own most of the land on the continent. While farmers would invest and plan for long-term benefits if they owned the land, they do not do so since they are not sure if they will be able to "benefit of the fruits of their efforts" in the years to come (Salin, 2004: 61; Mabogunje, 2000: 14010). Mbeki (2005: 9) writes that sustainable development in sub-Saharan Africa requires that peasants become owners of the land they work. This would influence their long-term planning, investment, and productivity and address environmental issues such as deforestation and desertification. Ayittey (1998: 10) notes that the agricultural output in sub-Saharan Africa after independence has been growing at less than 1.5%, "less than the rate of population growth."

Even though African governments focused on industrialization instead of agriculture, only a few countries on the continent can be called "industrialized." According to Amin (1990: 30), only six countries, among them only two in sub-Saharan Africa (South Africa and Zimbabwe), had developed infrastructure by 1990 "that can be described as industrialized." Amin notes that other African countries have "insufficient manufacturing units to constitute an industrial network."

Amin (1990: 7) writes that, in the 1960s, "the annual per capita growth rate in gross domestic product (GDP) in sub-Saharan Africa did not exceed 1.3%, before failing to 0.8% in the 1970s, and to almost nil in the first half of 1980s." Appendix 1 shows regional distribution of negative growth between 1960 and 1988. In this time period, the large majority of countries with negative growth were in sub-Saharan Africa. Zack-Williams (2002: 4) writes that in the period of 1991-1998, "annual average growth in Africa was 1.8%, the lowest growth rate of all developing countries, and per capita GDP growth was negative for most of the 1990s." According to the economic data, most Africans were better off in the 1970s than in the 1990s and today. Zack-Williams (2002: 4) writes that in 1975, average sub-Saharan African GDP per capita was US \$671; in 1997, it was US \$245. Robert Guest (2004: 6) notes that a median African country's GDP is on average around US \$2 billion, an amount that is often annual output of a larger city in the developed world.

A study by National Bureau of Economic Research (1999) gives a grim picture of the sub-Saharan economic stagnation since independence:

36% of the region's population lives in economies that in 1995 had not regained the per capita income levels first achieved before 1960. Another 6% are below levels first achieved in 1970, 41% below 1980 levels and 11% below 1990 levels. Only 35 million people reside in nations that had higher incomes in 1995 than they had ever reached before (Mbeki, 2005: 2).

While the poor countries of Asia, Eastern Europe, and Latin America were opening up and reforming their economies after the end of the Cold War, attracting foreign investments and growing at steady rates, the majority of sub-Saharan countries continued to be unattractive to investors and record minor economic growths, while some countries even declined. In 1995, when US \$231 billion was invested into developing countries, Africa received only 2.4% of this amount (Ayttey, 1998: 210). Amin (1990: 7) writes that since 1985, two-thirds of Sub-Saharan African countries "do not contribute to any investment effort and do not even provide for routine public services to the level that was maintained in the 1960s."

### **Dictatorship and Personal Rule**

Since independence, the majority of African countries were, at some point, led by dictators. Their primary goal was staying in power and enriching themselves and a small group of people, while the rest of the country was usually ignored.

As noted in the first part of the paper, authoritarianism is a legacy of the colonial rule further developed by many African leaders after independence. Quoting Francis Sutton, Hyden (2003: 26) writes that "authoritarianism in African states is – perhaps paradoxically – a feature of government in which there is a basic continuity from colonial to African control."

Dictators, surrounded by unqualified but loyal individuals in all strategic positions, are one of Africa's biggest problems (Sandbrook, 1985: 90; Mabogunje, 2000: 14007). Meier and Rauch (2000: 67) write that in many African countries dictatorship and personal rule create "patron-client relationship, largely based on familial and ethnic loyalties." Those who are on good terms with the leaders and the elites are able to get government contracts, jobs, and loans, while the rest of the population and the country's economy suffer. This model of governing is disastrous for long-term economic development, write Meier and Rauch, "with the pursuit of personal aggrandizement and short-term political advantage leading to economic irrationality." Under such governance, more money and capital had been taken by African dictators and elites and sent to their overseas bank accounts than the amount of all the foreign aid and investments that came to Africa (Ayttey, 1998: 32; Mbeki, 2005: 2).

Rasheed (1996: 62) writes that poverty in Africa is in a large number of cases "structural in nature," causing impoverishment of those who do not support the ruler. Structural factors noted by Rasheed include political and ethnic bias, excessive control of political power, and economic policies discriminatory against the poor. Bates (2003: 19) writes that many African governments ruled by dictators use force against all those who protest and ask for change. "By frustrating those who would seek fundamental changes, governments remove proposals for comprehensive reforms from the political agenda and forbid organized efforts to alter the collective fate of the disadvantaged."

Ake (1993: 240) writes that "poor leadership and structural constraints have turned the high expectations of the independence movement into painful disappointment, forcing more African leaders to rely on coercion." Schwab (2001: 67) points out that "too many African leaders have all but abandoned any consideration of human rights of their people," either through minor political disagreements, repression, gross human rights violations, and even genocides. In this, African dictators were often supported by the Western world and the Soviet Union during the Cold War, when "one superpower buttressed the elites empowered by the colonial authorities, while the other often backed the opposition, as each supported a different client and a different agenda" (Schwab, 2001: 21). The needs of African countries and Africans were never important to the Cold War superpowers, only their support to either capitalism or communism. Today, China appears to be the world power that supports rogue regimes in Africa in order to get the right to exploit their oil, minerals, and other natural resources (Spiegel, 30 May 2007).

## **Wars and Refugees**

Some of the biggest burdens to many African countries and their economies are civil wars, coups, and refugees. Solomon and Swart (2004: 10) write that "no single internal factor has contributed more to socio-economic decline on the African continent and the suffering of the civilian population than the scourge of conflicts within and between states." Research on impact of wars on economies shows that, on average, non-warring African countries experienced an increase of 13% in GDP annually, while the warring countries experienced an 8% decrease (Ammons, 1996: 75).

Hoogvelt (2002: 15) writes that more than 30 large scale wars ravaged Africa since 1970. Sandbrook (1985: 85) writes that in 1984, over half of African regimes were either military or quasi-military, coming to power after a coup. Goldsmith (2001: 128) notes that, during the 1980s, more than 90 military coups took place in 29 African countries.

Ayittey (1998: 193) writes that in 1996, more than 20 million of Africans were refugees. In 2002, the number of refugees and displaced people decreased to about 12 million (Zack-Williams, 2002: 1-2). These people who have lost their homes, jobs, and possessions, should be the ones to go to school, grow food, or work in manufacturing and government and business administration. Ammons (1996: 78) writes that the movement of refugees and displaced people in Africa "have greatest effect on the local administrative infrastructure, the local market economy, health and social services, transportation and communication systems," thus deteriorating social and economic development.

This part of the paper has examined economic stagnation in Africa influenced by post-independence leaders and governments. The next part will examine external factors that influenced African underdevelopment.

## **External Factors**

This part of the paper will examine external factors that influenced African economic stagnation. I will discuss foreign aid and debt, the IMF and World Bank policies and influence, and unfair trade.

### **Foreign Aid and Debt**

Even though African countries received more than US \$400 billion in loans and aid since 1960s (Ayittey, 1998: 267), the positive results are yet to be seen. The main reason for this situation is the fact that most of the aid money were either taken by the dictators and elites or spent on projects that could not produce substantial return on investments. According to Obadan (2004: 146), "poor economic management reflected in wasteful and unproductive expenditures, as well as management of borrowed funds by inefficient public enterprises, contributed to the debt problems of African countries." Guest (2004: 14) writes that this put indebted African countries in a position where they can hardly "service their loans, let alone repay them."

Kankwenda (2004: 9) writes that after four decades of trying to develop African economies with the help of billions in foreign aid, "the gaps have got only wider and the need for development aid has increased." Hoogvelt (2002: 15) writes that the sub-Saharan debt increased from US \$60.9 billion in 1980, to US \$219 billion in 1997. Goldsmith (2001: 123) writes that aid dependency in Africa reached a level where only a few countries "can carry on routine functions or deliver basic public services without external funding or expertise." Illustrating the degree of aid dependency, Goldsmith

(2001: 125) points out that between 1993 and 1997, net foreign direct investments to Africa were US \$9.5 billion, while for the same period African countries received US \$86.5 billion in foreign aid.

Ayittey (1998: 31-32) writes that many indebted African countries have a debt service ratio of about 40%, meaning that for every US dollar earned on exports of domestically produced goods, 40 cents of every dollar have to go on servicing the debt, while the rest have to cover imports, production improvements, education, health care, and other expenses.

One of the consequences of the debt burden across the continent is high inflation rate. After repaying debt installments, many governments have no substantial resources left for paying its labor force and other expenditures. Obadan (2004: 148) notes that in such cases, African governments often simply print more of their currency or borrow from their central banks, thus triggering inflation.

### **The IMF and World Bank Policies and Influence**

In addition to the wrong policies implemented by African governments discussed above, Picard, Living, and Garrity (1994: 123) write that in the 1980s, "the IMF policies pushed/forced African governments to take certain actions that were not domestically feasible." With their policies created in the Western world, the IMF imposed "drastic devaluations, deregulations, decreased budget deficits, depressed demand and deflation on the governments under their tutelage" (Keet, 1994: 10). These policies, writes Keet, only "deepened economic hardships, social divisions, and political tensions between nations."

Richard Dowden, Director of the Royal African Society, notes that most of the foreign aid intended for African development is spent by "outsiders without consultation with Africans and with little understanding of Africa's ways or needs." The results of this are abandoned and inefficient projects throughout the continent – "wells in the wrong place, factories without a fuel supply, roads that were not maintained" (BBC, 24 June 2005).

Goldsmith (2001: 125) writes that countries where foreign aid represents more than 10% of their GDP are likely to have "questionable sovereignty in key policy areas." These countries often have to implement policies planned by the IMF and World Bank instead of their own economic and development policies.

In the period between 1990 and 1997, thirty-one African countries were recipients of foreign aid that accounted for 10% or more of their GDP. Appendix 2 shows that per capita growth in Africa decreased from around 2% in the 1970s to nil and negative growth between 1984 and 1999, while foreign aid as percentage of GDP increased from 5% in 1970 to over 17% in 1995. In the recent years, foreign aid represented around 50% of annual budgets in countries like Mozambique, Tanzania and Uganda. "That makes them more dependent on Western aid donors than they were in colonial times" (BBC, 24 June 2005).

### **Unfair Trade**

While developed countries give around US \$56 billion annually in development aid worldwide, they at the same time spend US \$300 billion annually on agricultural subsidies alone (Fontanel and Touatam, 2004: 29), thus creating an unfair playing ground for African and other developing countries.

According to Oxfam, for every US dollar African countries receive in aid they lose two dollars because of unfair trade rules implemented by developing countries (BBC, 24 June 2005). Fontanel and Touatam (2004, 31) give an example of unfair trade in cotton.

Without financial subsidies from the government, the price of cotton production in the United States would be three times higher than the cotton production in Chad or Burkina Faso. Because of subsidies to cotton producers in the United States and European Union in 2001/2002, Africa had lost in that period US \$920 million (Miroudot, 2004: 47).

This part has examined external factors that influence African economic stagnation. The next part of the paper will discuss the future of the African continent.

## **Future of sub-Saharan Africa**

This part of the paper will discuss the future of the African continent and the prospects of Africa in the globalized world. Is there hope for Africa? The answer to this question will primarily depend on African leaders and their willingness to honestly embrace rule of law, freedom, and security in their countries. Without these conditions, no reasonable investor will invest money in countries that cannot protect investments. In sub-Saharan Africa, not many countries can claim to be attractive for foreign investments. Sandbrook (1985: 38) notes that prospective investors, both local and foreign, "are not willing to gamble on a climate of political instability, violence, and unequal applications of the law." Rasheed (1996: 16) notes that, to end economic stagnation, the institutions and systems of African countries must be "revamped, rehabilitated, reoriented, and streamlined."

In sub-Saharan Africa, 227 million people lived on less than US \$1 a day in 1990, 313 million in 2001, while this number is expected to increase to at least 340 million people by 2015 (Friedman, 2006: 400). Rasheed (1996: 1) notes that "it will take Africa at least half a century before it could even aspire to return to the growth levels of the 1970s."

Current situation in Africa is very bleak. Even though 44 out of 50 African countries held elections in the past decade (BBC, 24 June 2005), freedom and democracy are yet to be seen in most of Africa. Of top 28 failed states worldwide in the Failed States Index for 2006, 15 are in Africa. Top 3 states are Sudan, DR Congo, and Cote d'Ivoire. Zimbabwe is placed fifth, followed by Chad and Somalia. Researchers working on the Index considered issues such as violent internal conflict, massive movement of refugees, chronic and sustained human flight, criminalization or delegitimization of the state, and widespread violation of human rights in 146 countries (Failed States Index 2006). *Appendix 3* shows a map of failed states for 2006.

Top 27 "least livable" countries in the world, according to the Human Development Index for 2006 by United Nations Development Program (UNDP) are in Africa. Of the top 40 "least livable" countries, only four are not on the African continent. The index ranks countries according to their "citizens' quality of life rather than strictly by a nation's traditional economic figures" (Human Development Index 2006). *Appendix 4* presents a list of top 40 "least livable" countries.

Index of Economic Freedom for 2007, published by the Heritage Foundation and the Wall Street Journal, ranked sub-Saharan Africa "last in seven of the ten economic freedoms assessed, performing particularly poorly in three crucial areas: property rights, freedom from corruption, and business freedom" (Economist, 17 May 2007). Lubeck (1992: 534) notes that the "organizational incapacity of the majority of African countries, combined with weak authority relations to civil society, is a major obstacle to resolution of the development crisis." To overcome this, African countries must somehow end with dictatorship and personal rule, which, as mentioned above, are the major causes of oppression, organizational incapacity, and corruption.

The crucial step for African countries is economic reforms. Thomas Friedman (2006:

399) writes that the only sustainable way to develop and eliminate poverty is introduction of more open and competitive markets, because this is "the only way to guarantee that new ideas, technologies, and best practices will flow into countries and that private enterprises, and even governments, will have competitive incentives and flexibility to adopt new ideas and turn them into jobs and products."

William Easterly, the leading economist propagating the notion that the Western world and the foreign aid cannot save Africa, believes that African economic recovery depends on freedom and reforms on the continent (The Washington Post, 13 February 2006):

Economic development in Africa will depend - as it has elsewhere and throughout the history of the modern world - on the success of private-sector entrepreneurs, social entrepreneurs and African political reformers. It will *not* depend on the activities of patronizing, bureaucratic, unaccountable and poorly informed outsiders.

It still has to be seen if New Partnership for Africa's Development (NEPAD) will work. NEPAD is a "pledge by Africa's leaders based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries on a path of sustainable growth and development and active participation in the world economy" (Mulikita, 2003: 51). NEPAD points out that conditions for sustainable development on the continent are "peace, security, democracy, good governance, human rights, and sound economic management" (Mulikita, 2003: 53).

Where sub-Saharan Africa stands in terms of globalization? Hoogvelt (2002: 18) defines globalization as a "process whereby the global economy develops the capacity to work as a unit in real time on a planetary scale." Those who want to have a share in the global trade will have to provide infrastructure, rule of law, educated workforce, and security. Those who do not provide the above will be excluded from the rest of the interconnected world. "In terms of network capability and connectivity," Hoogvelt notes, "sub-Saharan Africa is the 'switched off' region of the world."

The majority of African countries are not part of the economically interconnected and globalized world. The problem is not only the fact that most of Africa is still in the "pre-industrial stage" (Claude, 1993: 241), but also that the continent currently does not have much to offer to the rest of the world, apart from its oil and minerals. Guest (2004: 12) writes that Africa "hardly produces anything that the rest of the world wants to buy." Even when Africans produce something, and despite the fact that wages in Africa are low, "the continent's disadvantages, such as poor infrastructure and high transport costs make African products too expensive," especially compared to Chinese products (Spiegel, 30 May 2007).

In recent years, China is heavily investing in Africa, mainly in countries rich in oil and minerals. African countries are today the "greatest beneficiaries of China's hunger for raw materials and they should use their profits to expand their manufacturing industries and service sectors to enable themselves to generate lasting growth in the long term" (Spiegel, 30 May 2007).

However, Africa seems to be losing more than gaining. African minerals and resources are again being exported without being processed in Africa by African companies and sold for a higher price. Even more, Chinese investments do not mean much to ordinary unemployed Africans since Chinese companies bring the majority of workers from China. Africa is the only continent where Chinese companies "apply for government contracts, get them and then import Chinese workers" (Spiegel, 30 May 2007).

According to the Africa Competitiveness Report, a joint initiative of the World Economic Forum on Africa, the IMF and World Bank, Africa is currently experiencing its highest

growth levels in three decades but the continent will still fail to redress current poverty levels unless economic growth reaches an average of 7% per annum. Top constraints that need to be redressed in order to increase economic growth in Africa, according to the report, are: establishing a sound policy framework to underpin the business environment, improving infrastructure, and fighting corruption (Mail and Guardian, 26 June 27, 2007).

Population growth explosion may deteriorate all the current growth efforts. As mentioned above, African population may reach 1.6 billion by 2025. If African countries currently cannot produce enough food to feed their populations, provide enough clean water, and other basic human needs, how will they do that when the populations of their countries substantially increase? However unethical this may sound, some sort of fertility control and family planning – like the one implemented in China – should be mandatory across Africa if the continent and its people are to survive. If population increases as predicted, Africa will experience poverty, hunger, increased dependency on foreign aid, wars and fighting over land and resources, and other disasters like never before.

In addition to all Africa's problems discussed in this paper, the continent is currently being ravaged by HIV and Aids epidemic. This is having a profound negative impact on African economies and will only increase in the future. Aids is currently "the biggest threat to Africa's development," both human and economic, already holding back economic growth and development in more than half of the sub-Saharan countries, according to the UN (BBC, 28 November 2001). Progress made by some countries in the last 25 years is being eroded by the Aids epidemic (Spiegel, 08 June, 2007). Guest (2004: 95) writes that the shortage of skilled labor in Africa will significantly increase in the future. Many skilled workers, educated people, and teachers are getting infected and dying, and there are not enough trained people to replace them.

This part has examined the future of Africa and the prospects of the continent in the globalized world.

## **Conclusion**

Sub-Saharan Africa is the only world region that has declined in all aspects of economic and social development in the 20<sup>th</sup> century. More than a half of Africans live in extreme poverty without food and water and millions live without basic human rights and security. Expected population growth will only increase the number of people living in severe poverty and push Africa to further human suffering through civil wars, economic stagnation, environmental degradation, and underdevelopment.

The aim of this research paper was to demonstrate that African economic stagnation is the result of colonial legacies, international community's policies, and the failures of African leaders. Colonial policies significantly influenced the post-colonial state failures, economic policies, export/import dependencies, and lack of qualified human capital in sub-Saharan Africa. After independence, international organizations such as the International Monetary Fund and World Bank continued this negative external influence. At the same time, through greed, despotism, conflict, inability to establish rule of law and safety, and bad economic policies, African leaders destroyed economies of their countries in the decades after independence.

A simple cure for Africa's problems does not exist. Peace, freedom, security, responsible leadership, economic reforms, improved infrastructure, fair trade and sincere help from the developing world, and plans to lower population growth and fight Aids are crucial for the continent to develop and improve standards of living of millions who today live below the poverty line. Everything else will only continue African economic and human stagnation.

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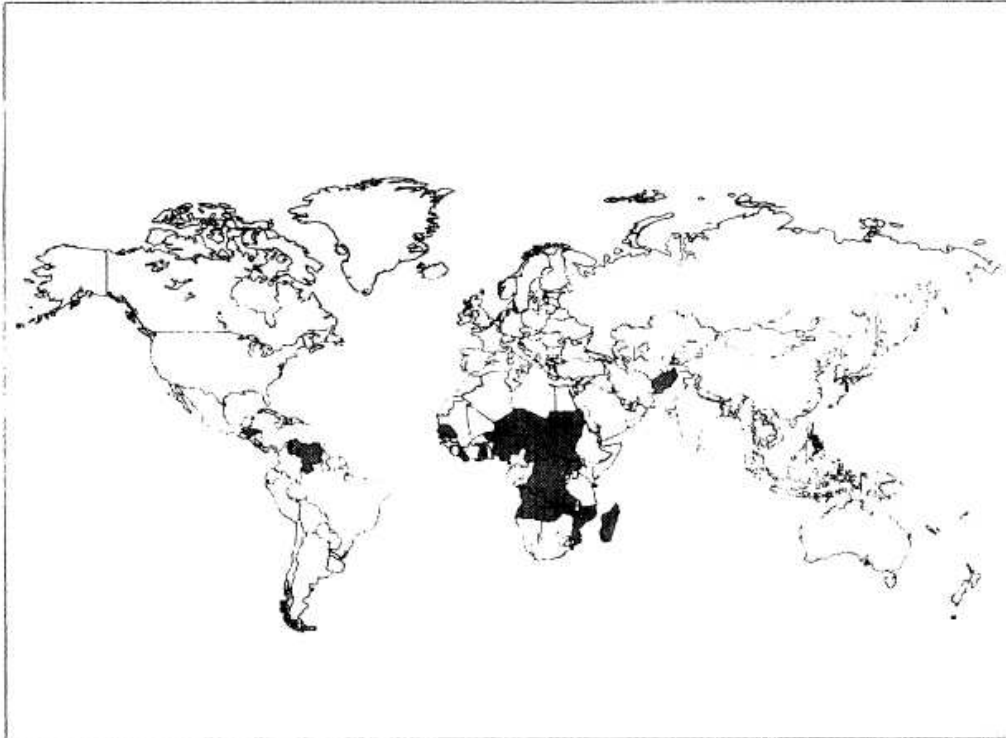
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## **Appendix 1**

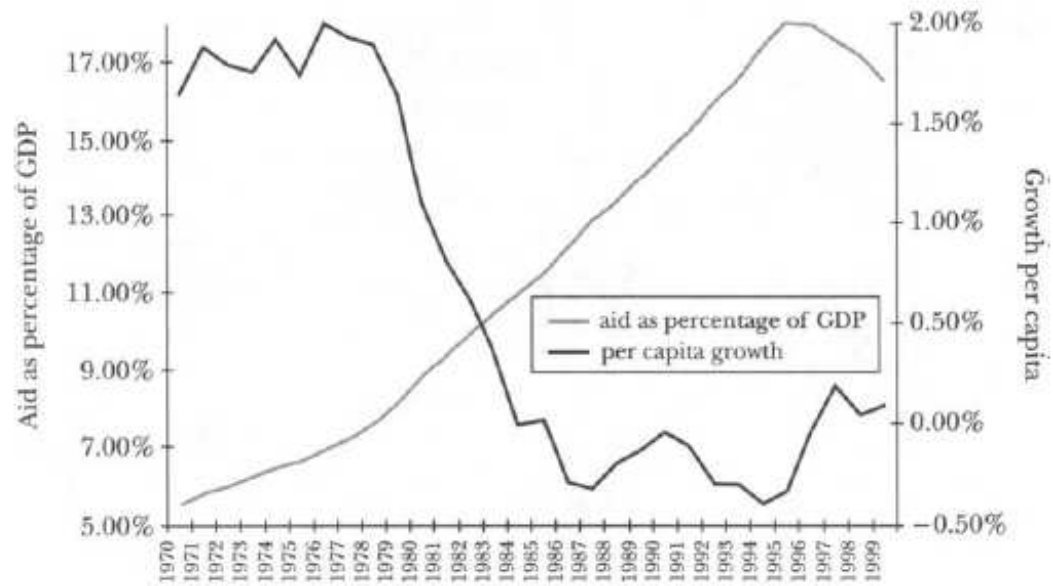


**FIGURE I**  
**Regional Distribution of Negative Growth**  
Countries that had negative per capita growth 1960–1988 are shaded gray.

Source: Easterly, W. and Levine, R. 1997. Africa's Growth Tragedy: Policies and Ethnic Divisions. *The Quarterly Journal of Economics*, Vol. 112, No. 4. Pp. 1204.

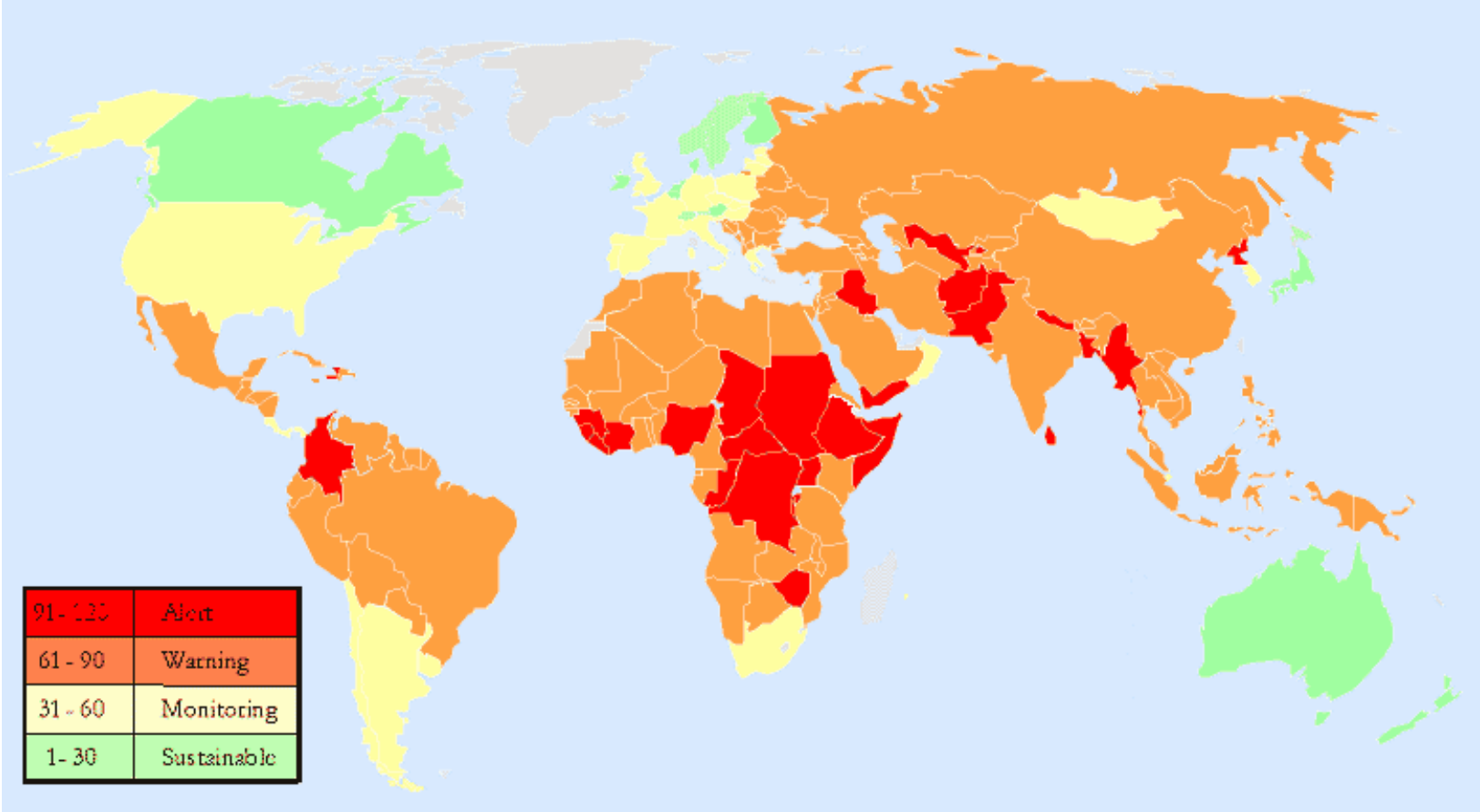
## Appendix 2

**Aid and Growth in Africa**  
(10-year moving averages)



Source: Easterly, W. 2003. Can Foreign Aid Buy Growth? The Journal of Economic Perspectives, Vol. 17, No. 3. Pp. 35.

**Appendix 3 – Failed States Index 2006**



Source: Fund for Peace  
<http://www.fundforpeace.org/programs/fsi/fsindex.php>

## Appendix 4

"Least Livable" Countries According to the Human Development Index 2006. The 2006 index is based on 2004 figures.

1. Niger
2. Sierra Leone
3. Mali
4. Burkina Faso
5. Guinea-Bissau
6. Central African Republic
7. Chad
8. Ethiopia
9. Burundi
10. Mozambique
11. Congo
12. Malawi
13. Zambia
14. Côte d'Ivoire
15. Benin
16. Tanzania
17. Angola
18. Guinea
19. Nigeria
20. Rwanda
21. Eritrea
22. Senegal
23. Gambia
24. Haiti
25. Mauritania
26. Kenya
27. Zimbabwe
28. Yemen
29. Lesotho
30. Djibouti
31. Togo
32. Swaziland
33. Uganda
34. Cameroon
35. Madagascar
36. Timor-Leste
37. Sudan
38. Congo
39. Papua New Guinea
40. Nepal

Source: United Nations Development Program (UNDP) <http://hdr.undp.org/hdr2006/statistics/>