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Africa Rising

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Democracy is expanding. Conflicts are ebbing. Economies are growing at a healthy clip. The untold story of a continent that is surprising the pessimists.

By Drake Bennett | December 9, 2007

"The state of Africa is a scar on the conscience of the world," Tony Blair, then prime minister of England, famously said in 2001. "But if the world, as a community, focused on it, we could heal it. And if we don't, that scar will become deeper and angrier still."

Today, the world is as focused on Africa as it has been in a long time, with heads of state, rock stars, movie stars, and philanthropic billionaires all publicly pledging themselves to the cause. And yet the scar appears deeper and angrier than ever.

This fall the United Nations announced that Sub-Saharan Africa is the region of the world least likely to meet any of the UN's so-called Millennium Challenge Goals for reducing poverty, disease, hunger, and illiteracy. The rebellion in Sudan's Darfur region keeps threatening to flare back up and inflame neighboring Chad. Somalia's government is barely holding on against Islamic rebels. Zimbabwe collapses further and further into economic ruin and political thuggery. According to the World Health Organization, over the past year, 960,000 people, mostly children, died of malaria on the continent, and 1.6 million people in Sub-Saharan Africa died of AIDS.

It's a disconsolately familiar story.

But it's not the whole story. By many standards, Africa is doing better than it has in decades. The number of democratically elected governments has risen sharply in the past decade, and the number of violent conflicts has dropped. African economies, and African businesses, are starting to show impressive results, and not just by the diminished standards the rest of the world reserves for its poorest continent. The runaway inflation that crippled African economies for decades is on the ebb, and foreign investment is rising. Last month, the World Bank reported that average GDP growth in Sub-Saharan Africa has averaged 5.4 percent over the last decade, better than the United States, with some countries poised for dramatic expansion.

"For the first time in a long time, you have the potential that a handful of countries could break from the pack and become leopards, cheetahs, or whatever the African equivalent of an Asian Tiger would be," says John Page, the World Bank's chief Africa economist, referring to the nickname given East Asian nations like Taiwan and South Korea because of their double-digit growth in the 1960s, '70s and '80s.

Africa is still deeply troubled. Even in the faster-growing African economies, the gains remain narrowly concentrated and have yet to make a serious dent in the continent's appalling poverty. And a substantial portion of the most recent growth depends on developments elsewhere, in particular the explosive growth of China and India, which has driven up prices for commodities - like oil, aluminum, cotton, and diamonds - that Africa has in abundance.

But plenty of Sub-Saharan African countries that don't boast oil or mineral wealth are also growing, the new World Bank numbers show, and they're doing it either by finding better ways to make money from traditional exports or by expanding into new sectors. African telecom companies like Celtel, now operating in 15 African countries, are seeing explosive growth. Entrepreneurs in Ghana, Kenya, and Senegal are opening call centers and document-processing facilities to service the developed world. Mills in Madagascar and Lesotho, aided by favorable terms of trade, are making textiles for the US market. Stock markets in Kenya, Tanzania, and Ghana, while minuscule by Western standards, are booming. And earlier this fall, global banking giants Citigroup and UBS helped Ghana raise \$750 million on the international bond market, the first sub-Saharan government bond offering outside South Africa in 30 years.

It all suggests that much of Africa, after decades of sclerosis and strife, may have turned a corner. Economists believe that several African countries have made the sort of fundamental changes in governance and economic management that could buttress them against swings in commodity prices and the other global economic shocks that in the past have been so devastating.

"The turnaround has been pretty stunning, and there's something deeper going on than just a surge in oil and commodity prices," says Edward Miguel, an associate professor of economics at the University of California, Berkeley. "You're seeing more responsible governments, more democracies, and better economic policies."

The change has gone largely unremarked in the wealthy world. But Africa activists and scholars are already debating its causes - and what lessons to draw from it. As it turns out, assigning credit for Africa's successes is as contentious as assigning blame for its failures.

Africa has not always been known as an economic basket case. Certain countries - Somalia, for example, or Mali or Chad - have always struggled, but others looked to be on the right track, at least economically, for decades after their independence. Ghana at mid-century, thanks to its cocoa exports, was one of the wealthier countries in the developing world. In the 1950s and 1960s, countries such as Botswana, Cameroon, Kenya, Ivory Coast, and Nigeria saw steady growth as well.

But by the 1970s, that sense of potential had begun to unravel. Beginning in 1968, a five-year drought devastated many of the continent's largely agricultural economies. The oil shocks of 1973 and 1979 brought windfalls to oil exporters like Nigeria, Angola, and Libya, but the majority of the countries on the continent were oil importers, and the high prices crippled both manufacturing and farming, which relied increasingly on petroleum-based fertilizer. In addition, the global recession triggered by the oil crisis depressed prices for the raw materials many African countries exported.

There were self-inflicted blows, as well. Largely at the urging of outside economic advisors, countries such as Nigeria, Ghana, Zambia, and Uganda began poorly run efforts to build up their industrial sectors. Many of the resulting state-run industries fell victim to patronage politics: badly managed and overstaffed, they were frequently looted outright by government officials. The ill economic effects were exacerbated by the fact that many governments funded the efforts on the back of the agricultural sector, previously the source of most of the continent's income. Agricultural exports collapsed and the new industries failed to pick up the slack, forcing governments to borrow from abroad at higher and higher interest rates or to simply print more money.

By almost every standard, Africa was headed in the wrong direction in the 1980s: economic growth had slowed to a standstill and in many countries reversed altogether - most Africans were poorer by the mid-1980s than they had been at independence. Educated young Africans were leaving for Europe and the United States. And the continent was dominated by dictatorships and one-party governments. As the journalist Martin Meredith writes in his 2005 book, "The Fate of Africa," "By the end of the 1980s, not a single African head of state in three decades had allowed himself to be voted out of office."

But over the next two decades this picture would be turned on its head, as African countries began, if fitfully, to move toward democracy and economic openness.

The factors driving this shift are the subject of heated debate, both inside Africa and out. It's an argument that gains its vehemence from that fact that any discussion of what has worked for Africa inevitably becomes a discussion of what Africa needs (or doesn't need) now, and there are few sharper disputes in development circles.

There is wide agreement among Africans and Africa-watchers, though, that the continent is a freer and more democratic place than two decades ago. Over the course of the 1990s, military and single-party governments went from being the norm to the exception. Between 1990 and 2006, the number of Sub-Saharan African nations that are "free" or "partly free" has climbed from 19 to 34, according to Freedom House, an organization that rates countries on civil liberties and political rights.

In January of 2001, for example, Ghana enjoyed the first peaceful transfer of power in its history, as the former military dictator Jerry Rawlings stepped down at the end of his second term as president and made way for John Kufuor, the winner of a free and fair election. Two years later a similar scene unfolded in Kenya, when

Daniel Arap Moi, after 24 years in power, ceded the presidency to the opposition candidate, Mwai Kibaki, who had received twice the votes of Moi's hand-picked successor.

"The shift toward democracy that you saw in the 1990s was a fabulous change," says Robert Bates, a Harvard government professor and Africa specialist. "It was a massive shift in political systems."

While the democratic movements themselves were homegrown, the West played a role in this transition, most analysts agree. During the Cold War, African leaders were able to play the United States and Soviet Union off each other, threatening to switch their allegiance if they were pushed too hard to reform. With the fall of the Soviet Union, this dynamic changed, and the US and other Western countries showed a new willingness to enforce the political conditions they attached to their aid. In Kenya, it was the suspension of hundreds of millions of dollars in aid that finally forced Moi to hold multi-party elections.

There's less consensus, however, about the effect of Western-imposed economic reforms. In the 1980s, the World Bank and International Monetary Fund, as a condition for loans, mandated that developing countries reduce their deficits and open their markets to foreign investment and competition by slashing tariffs and subsidies. Today, some economists look back at those reforms, painful though they were, as the groundwork for today's economic successes in African nations such as Malawi, Kenya, Tanzania, and Ghana. Others argue that while some trade liberalization was healthy, the deep cuts in fields like health, education, and infrastructure slowed growth and sowed misery.

The debate over the 1980s and the so-called "structural adjustment" reforms is part of a larger debate over aid in general, and how much good it has done for the world's poor countries. And while some of the good news from the continent seems inextricably linked to aid - the announcement by the World Health Organization two weeks ago that measles death rates in Africa had been cut by an unheard-of 90 percent over the last six years was the result of a concerted and coordinated aid effort - it's less clear what role aid has played in Africa's newfound economic growth.

Some economists, like Berkeley's Miguel, point to the fact that the flow of aid stayed flat even as growth took off in several African economies to suggest that aid was, at most, a minor piece of the puzzle. Others, like Jeffrey Sachs, director of Columbia University's Earth Institute and one of the world's most vocal and visible aid proponents, see aid as a vital part of the growth, keeping workers healthy, funding primary school education, and building vital infrastructure.

"The dropping of school user fees, the kilometers of new roads, seeds for farmers, the drop in diseases like measles, those are because of aid," says Sachs.

Some Africa analysts, though, say that they have a broader concern: that the all-consuming discussion of aid has obscured - and perhaps even impeded - the recent positive developments on the continent. According to development economists, multinational corporations routinely overestimate the risks of doing business in Africa. Investment is the fuel of a free-market economy, and yet fear may be depriving many African countries of opportunities.

"The continent has what we refer to as an image problem," says Elizabeth Asiedu, an economist at the University of Kansas who specializes in foreign investment in Africa,

Africa's diaspora has been quicker to spot the opportunities. For years, economists have credited the remittances that African expatriates send home as a major source of income for African countries. Now, analysts say, the more open political and economic climate has meant that expats are increasingly providing more valuable resources: their brainpower and enthusiasm.

"We're seeing young people who've lived in the US or elsewhere returning to work in the government or start new businesses," says Ernest Aryeetey, a professor of development economics at the University of Ghana.

One of them is Aly Khan Satchu, a Kenyan financial trader who, after working for years in investment banking in London, returned to Nairobi to start an African financial news website. "Ninety-five percent of people still see Africa through that Bob Geldof sort of prism," he says, referring to the former rock star and aid campaigner from Ireland. "But it's just changed. It's the best I've ever seen it, the opportunities are so enormous."

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