

## Understanding the Modern World



Class 2, **Aug 12: Why is Sub-Saharan Africa still so impoverished?**

### **Understanding Sub-Saharan Africa**

1. What is Sub-Saharan Africa?
2. What contributed to its poverty and instability?
3. What are its prospects?
4. What is right road to global success?

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## **Understanding the modern world**

- Thanks for logging on
- One of the disadvantages of zoom, is we don't have much in formal time to chat and exchange views
- I welcome any of you to email me any questions or concerns or references you might have
- Today we focus on sub-Saharan Africa-the fastest growing but the most impoverished region of the world we will be discussing
- I have briefly mentioned Covid 19, but in my the last class I hope to mention it more specifically
- Also, I hope to in the last class provides some more general observations about the modern world

## Understanding Sub-Saharan Africa



- **Large** = U.S.+China+India+Mexico
- **Exploited** = 4 Centuries of European slavery and colonization
- **Undeveloped** = Bottom ranks, majority of world's poor, minimal industry, depend on commodity exports
- **Diverse** = Not one-country but 49, parts dry & parts wet, some prospering democracies, too many lagging autocracies

**Should not ignore:** Fastest population growth and likely to gain larger world role in future

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## Phases of Modern Sub-Saharan Africa History

- I. 1440-1860s European exploration, slave trade
  - a. 1510: 1<sup>st</sup> of 12 mil. slaves to Americas
  - b. 1807: British abolition of slave trade
  - c. 1851-73: Livingston explores Africa
- II. 1880s–1950s: Colonization & Colonial Rule
  - a. 1884-1914: Europe's "Scramble for Africa"
  - b. 1870s-80s: Gold & diamonds in South Africa
- III. 1950s-80s: Independence & decolonization turmoil
  - a. 1956: Oil discovered in Nigeria
  - b. 1970s-80s: Cold War competition Capitalism & Communism
  - c. 1980s: HIV-AIDS - epidemic
- IV. 1990s - End Cold War, improved government and economy
  - a. 1994: Nelson Mandela elected President South Africa after 27 years in prison
  - b. 2010: Rapid growth, China export boom and investments
  - c. 2010 -to date: Slowdown as commodity exports slow and Pandemic rises



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## Sub-Saharan Share of World

Sub-Saharan share of World, 2018				
Country/Region	Population	GDP (US\$)	GDP per capita (US\$)	Extreme poverty (\$1.90/day PPP)
China	18%	13%	71%	1%
India	18%	3%	19%	28%
<b>Sub-Saharan Africa</b>	<b>14%</b>	<b>2%</b>	<b>15%</b>	<b>57%</b>
Latin America	8%	7%	88%	4%
MENA	6%	4%	72%	0%
European Union	6%	23%	336%	0%
United States	4%	22%	501%	0%
Russia	2%	2%	108%	0%
United Kingdom	1%	3%	398%	0%
<b>World</b>	<b>7.6 bil</b>	<b>\$82.7 tril.</b>	<b>\$ 10,821</b>	<b>734 mil</b>

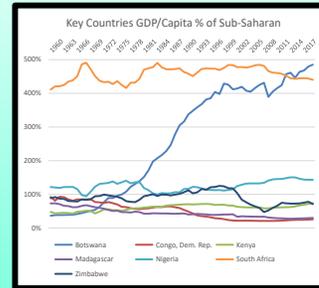
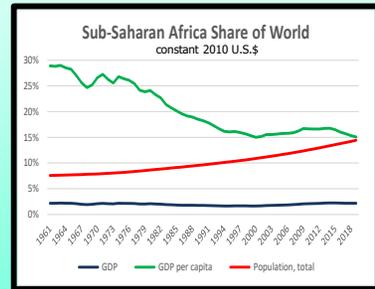
Source: World Bank Development Indicators data download 5/15/2020. GDP in constant \$2010 US \$ and PPP in Constant 2011 Intl \$. Most poverty data for 2015.

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### Sub-Saharan Share of World

- Sub-Saharan Africa is 14% of world population but only 2% of world GDP
- It's per capita GDP is only 15% of the world average
- Contains 57% of world's extreme poverty

Sub-Sahara: Long decline in GDP/capita relative to world, but population share rapidly rising



But it is not one but 45 countries – some progressing and many not (yet?), so don't throw out the baby with the bathwater

## Sub-Sahara: Long decline in GDP/capita relative to world, but population share rapidly rising

- But it is not one but 45 countries – some progressing and many not (yet?)
- We will argue that, due to its rapid population growth, and enormous diversity, we must be careful in drawing conclusions
- We don't throw out the baby with the bathwater
- Some countries, as already mentioned about Botswana, have risen in past decades relative to the others.
- Other countries, such as South Africa, historically has had much higher per capita GDP than the others
- Historians use to say that Africa had no history because it had no writing, but we do know that Africa does have a history and indeed all of us originated there perhaps 200,000 years ago

## Sub-Saharan Africa: bottom in Human Development

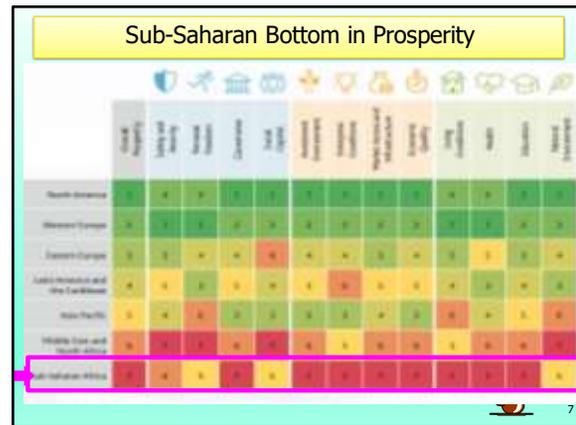
Regions	Human development index (HDI) (index value)	Life expectancy at birth (years)	Mean years of schooling (years)	Gross national income (GNI) per capita (2011 PPP \$)
Europe and Central Asia	0.78	74	10.2	15,498
Latin America and the Carib	0.76	75	8.6	13,857
East Asia and the Pacific	0.74	75	7.9	14,611
Arab States	0.70	72	7.1	15,721
South Asia	0.64	70	6.5	6,794
<b>Sub-Saharan Africa</b>	<b>0.54</b>	<b>61</b>	<b>5.7</b>	<b>3,443</b>
<b>World</b>	<b>0.73</b>	<b>73</b>	<b>8.4</b>	<b>15,745</b>

Human Development Index (HDI): Index measures average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living.

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### Sub-Saharan Africa is at the bottom in human development

- The United Nations compiles a human development index for most of the 200 some countries in the world
- It is a comprehensive index consisting of scores of measures and then ranked on an annual basis
- The three major categories in the index is based upon life expectancy, meaning years of schooling, and GDP per capita
- Sub-Saharan Africa ranks at the bottom of the major regions of all three of these major categories



## Sub-Saharan Africa ranks at the bottom also in prosperity

- Sub-Saharan Africa is in the bottom position of the international prosperity rankings, ranking fourth of the seven major regions
- It has been in bottom position for at least a decade
- It ranks last or next to last in almost every category

### Many problems stemmed from colonial legacy

- Problems early after independence were largely product of their history
- Roots of intractable problems in early fr rule
- Political legacy of Europeans:
  - Autocracy
  - Artificial state boundaries
  - One-party states
  - Underdeveloped and dependency



Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, Chapter 30

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## Many problems stemmed from colonial legacy

- Not all of Africa's problems should be blamed on the Europeans, some stem from its geography and climate, the persistence of diseases, etc.
- Nevertheless, many of their problems have stemmed from their colonial legacy which many countries have not yet been able to overcome
- This is not to say that Africa is doomed for ever and that there's no hope for the future, but it does say that the long historical legacy of slavery and colonization created a legacy which has proven very difficult to overcome
- The problems that Africans and their governments had to face in the early decades after independence were very largely the product of their history
- The roots of many of Africa's intractable problems in the early days of independence were to be found in the period of colonial rule
- The political legacy is one of autocracy, the artificial state boundaries, and one-party states, and an economic legacy of underdevelopment and dependency

### Democracy introduced at last minute

- Only on eve of independence did French and British introduce democracy, which has still not been achieved to date
- Europeans preferred to forget colonial rule was by military conquest and sustained by autocratic rule
- Political legacy of colonial government was alien dictatorship, benevolent at times, but always prepared to crush opposition
- Many of Africa's independent leaders had suffered detention without trial for speaking against unjust colonial authority

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, Chapter 30

Sub-Saharan Regime Types. 2019	
Regime types	No. Countries
Full Democracy	1
Flawed Democracy	6
Hybrid regime	15
Authoritarian	22
Total	44

Economist Intelligence Unit

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## Democracy was introduced by the British and French at the last moment

- As a chart indicates, only one sub-Saharan country has achieved full democracy to date, and the vast number are not democratic
- It was only on the eve of independence that the French and British introduced their own systems of parliamentary democracy
- By then, Europeans preferred to forget that the colonial rule have been largely by military conquest or threat of it and sustained by autocratic rule
- The real political legacy of colonial government was that of an alien dictatorship, benevolent at times, but always prepared to crush opposition
- Many of Africa's independent leaders had suffered periods of detention without trial for daring to speak out against the unjust and arbitrary colonial authority

## Economic legacy: under development and dependency



- Europe left in mounting economic crisis from misrule
- Colonies directed to export cheap raw materials to Europe and import expensive manufactures
- Little attempt to develop self-sufficiency - would've defeated Europe's purpose
- Terms of trade disadvantaged
- Agriculture neglected – by 1950s net importer of food
- Railways designed for export to Europe not for the country
- Extractive policies: poll tax and agricultural marketing boards paid low and sold high
- Lack of education - 10% literate at independence

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019 , p 471-3

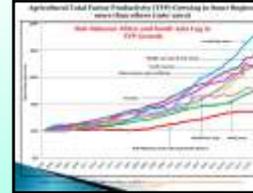
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## The economic legacy: under development and dependency

- European colonial governments left Africa with a mounting economic crisis – a result of 80 years of misrule
- Colonial economies had been directed toward exporting cheap agricultural raw materials and unprocessed minerals to Europe and in return importing relatively expensive manufactured goods
- There had been little or no attempt to develop African economies self-sufficiency - because that would've defeated Europe's purpose in possessing these colonies
- The terms of trade disadvantaged Africans - each year they had to produce more in order to import the same amount of manufactured goods
- Cultivation of Africans basic food needs was neglected and by the 1950s had become a net importer of food- Africans were growing less than half of their own food needs
- Railways built during the colonial period were by independence in in need of repair, plus they had been designed for export of wealth to Europe not for the country itself. There were virtually no cross-border regional road or rail links to promote trade between one African country and its neighbors
- Africa inherited two particularly extractive economic policies: the poll tax and the agricultural marketing boards
- Lack of education was a furthered debilitating legacy-across Africa barely 10% was literate at independence

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019 , p 471-3

## False start-industrialization and neglect of agriculture



- Spent lavishly on industrial and urban prestige projects
- Governments failed to encourage investments in local industries and agriculture
- Vast majority still rural and producing their own food
- New policies dominated by urban elite who scorned rural
- Meanwhile, corruption became widespread – basically, white colonial rulers replaced by black colonial rulers
- When world commodity prices fell & manufactured imports rising, everybody but politicians getting worse off

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019

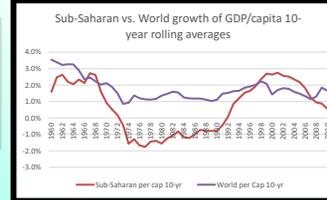
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## False start-industrialization and neglect of agriculture

- Termed a “false start” after independence as many spent lavishly on expensive industrial and prestige projects that were not appropriate
- Governments often failed to encourage investments in their local industries and agriculture
- At independence, vast majority was still in rural areas and producing their own food, but new government policies usually dominated by an urban elite scorned the rural peasant and failed to support them
- Meanwhile corruption became widespread in Africa
- Basically, white colonial rulers were replaced by black colonial rulers
- But in the mid-1960s, with a dramatic fall in world commodity prices, and manufactured imports rising, economy was hurt and everyone, but the politicians seemed to be getting worse off

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019

## Decolonization became neocolonialism



- At independence temporary world price boom
- But it disguised colonial created economic mess
- Early industrialization plans too ambitious & inappropriate
- Had to import expertise, technology and machinery from West ran up huge new debts
- Needed greater farm and mineral exports to finance debts
- Colonial trading pattern continued; terms of trade worsened
- African leaders complained of "neocolonialism"

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, p. 473-4

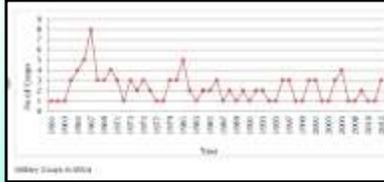
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## Decolonization became neocolonialism

- Around the time of independence there was a temporary boom in world prices paid for Africa's mineral and agricultural exports
- This temporary boom initially disguised the full extent of the colonial created economic crisis
- The early schemes of industrialization were far too ambitious and often inappropriate
- Africans had to import all the expertise, technology and machinery, from Europe and North America and within a very few years they ran up huge new debts
- The result was a need for ever greater exports of corporate cash crops and minerals to finance the debts
- The old colonial trading pattern continued, and the adverse terms of trade got worse
- This was called by African leaders "neocolonialism" - continuing economic control
- France had close control as Africa was a major source of vital minerals, phosphates, potash, etc.
- France, as a major aid donor and lender, exercised considerable control over development projects which were geared toward continued exports of raw materials to France

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019 , p 473-4

## Role of the military in African politics



- Military coups- most frequent means for change of governments in 1970s and 80s
- Colonial soldiery prestigious but they perceived rewards going to civil politicians
- Soaring oil prices in 1973 put squeezed military budgets
- Military often played a powerful role in politics
- Military coups against corrupt civilian regimes welcomed, e.g. in Nigeria and Ghana
- But military often just as corrupt as civilian counterparts

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, p 476

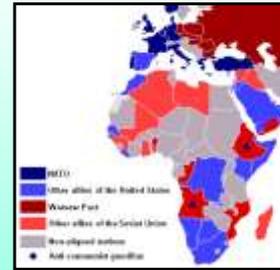
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## The role of the military in African politics

- Military coups were the most frequent means for change of governments in 1970s and 80s
- Soldiers after independence perceived a loss of prestige and rewards going to civil politicians
- Military had often played a powerful role in politics in pre-colonial times
- In general, 1960s military coups were reactions against inefficient and corrupt civilian regimes
- As such, these coups against the corrupt civilian regimes were initially welcomed by the public
- Military grievances including cuts in the budget prompted military into action in some areas
- The huge rise in oil prices in 1973 four put stress on government budgets
- But it should not be concluded that military was necessarily a positive force for African development, military rulers were just as likely to be corrupt and tyrannical as their civilian counterparts

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, p 476

## Radical Socialism tried and failed



- Guinea-Bissau, Angola, Mozambique, Tanzania & Zimbabwe tried socialism
- Angola had great economic potential thanks to oil, but disrupted by military
- Tanzanian Pres. Nyerere's forced 'villagization' of socialist large-scale agriculture was inefficient and ultimately replaced economy liberalized
- Pres. Mugabe of Zimbabwe took and distributed commercial farms of minority whites, agricultural production disrupted, and economy collapsed with hyper inflation

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, p 481

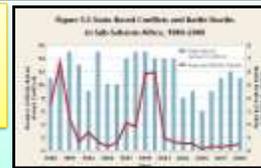
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## Socialism from liberation struggle

- Government's that had achieved independence through a guerrilla struggle such as Guinea-Bissau, Angola, Mozambique and Zimbabwe based their subsequent development on socialism
- Angola had great economic potential thanks to oil, but was persistently disrupted by military
- Zimbabwe at independence faced situation where vast majority of arable land was in hands of a tiny minority of white settlers
- Leader Robert Mugabe, was reluctant to disturb status quo as the white owned farms grew most of food and their tobacco products were principal foreign exchange earners
- Mugabe policy of providing universal free education paid dividends, but backfired on him in that the increasingly well-educated electorate pressed for change
- Mugabe ultimately permitted self-professed war veterans to begin violent occupation of the white owned lands and agricultural production was seriously disrupted and the economy collapsed with hyper inflation
- Eventually, in 2017, at the age of 94, Mugabe was ousted

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, p 481

After Cold War, no longer tropical playing field for great powers, but continued internal conflicts



- Dictators no longer were plied funds or arms simply because claim of anti-communist or anti-capitalist
- Only Botswana and Mauritius had unbroken record of multiparty parliamentary democracy
- Most, when faced with electoral defeat, simply suspended Constitution knowing would receive support from one side or other
- But by 1990s, a new generation of educated Africans were inspired by release of Nelson Mandela in 1990
- If South Africa could do it why not the rest of Africa?

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, Chapter 32

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### **After Cold War Africa, no longer a tropical playing field for global strategic power games**

- Corrupt and ineffective governments or long-standing dictators no longer were supported with funds or arms simply because they declared themselves to be anti-Communist or anti-capitalist
- Other than Botswana and Mauritius, none that had gained independence in 1960s had maintained a completely unbroken record of multiparty parliamentary democracy
- Most African leaders, when faced with electoral defeat, simply suspended the Constitution insecure knowledge that they would receive support from one side or other in Cold War conflict
- By the early 1990s, however, a new generation of Africans reached their age as beneficiaries of the educational expansion of the 1960s
- There was a drive for new African democracy, and this was inspired by the release of Nelson Mandela, the world's most famous political prisoner in February 1990
- If South Africa could do it why not the rest of Africa?

Source: Kevin Shillington, *History of Africa*, 4th ed. 2019, Chapter 32

## Health improved

- Malaria and shortage of clean water major problems
- Then in 1980s hit by AIDS pandemic
- Many refused to recognize seriousness and had high rates of infection
- Initially costs of drugs prohibitive but as price came down AIDS came more under control
- Life expectancy improved and infectious diseases including HIV-AIDS and malaria largely controlled
- But rising non-infectious and noncommunicable diseases such as diabetes, heart disease and cancer



Richard Haass, *The World – A Brief Introduction*, Penguin Press, 2020, p 136

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Richard Haass, *The World – A Brief Introduction*, Penguin Press, 2020, p 136

## Global warming threat of hunger



- Africa expected to suffer most from climate change
- Warming could be hurt food production - 40% of land in maize could become unsuitable and maize yields drop 20%
- Particularly vulnerable because already struggling to feed its fast-growing population
- Most farms small, tilled by hand and reliant on rain, and occupy half
- Governments neglected farming as they focused on industrializing

Source: [www.economist.com/special-report/2020/03/26/africa](http://www.economist.com/special-report/2020/03/26/africa)



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### **African countries must get smarter with their agriculture**

- Climate change and continued rural poverty present big challenges
- Global warming represents one of the main threats to Africa's prosperity
- Parts of the continent are already warming
- Farming could be hit hard, 40% of land now used to grow maize would no longer be suitable for it and maize yields would fall 20%
- Africa is particularly vulnerable –it's already struggling to feed itself and has fast-growing population
- Most farms are tiny, tilled by hand and reliant on rain, plus half of make their living from farming.
- Many governments neglected farming as they focused on industrializing
- Some damaged agriculture by pushing down prices to subsidise cities with cheap food.

Source: [www.economist.com/special-report/2020/03/26/african-countries-must-get-smarter-with-their-agriculture](http://www.economist.com/special-report/2020/03/26/african-countries-must-get-smarter-with-their-agriculture)>

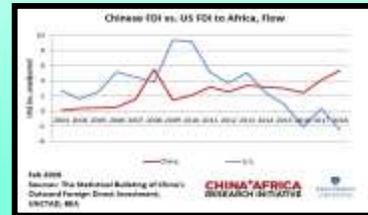
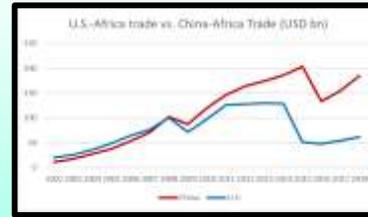
China's African Trade & Investment: now bigger than U.S.

And, U.S. Invests double (\$90 bil. In China than in Africa(\$42 bil.)

Table 3 - Compared FDI Stocks in 2018

Country	FDI Stock (\$ bil.)	FDI Stock (\$ bil.)	% Africa of total	% Africa of total
China	70.0	70.0	4.3%	2.0%
United Kingdom	11.2	11.2	0.8%	0.5%
USA	11.7	46.2	0.8%	1.1%
Germany	11.6	76.0	0.8%	0.3%
Japan	1.4	101.2	0.6%	0.6%
France	1.1	8.8	11.0%	0.1%
Spain	1.1	8.8	1.2%	0.0%
Belgium	1.0	1.1	0.0%	0.0%

Source: UNCTAD, World Investment Report 2019, Table 3.1.1. Data as of 31/12/2018. The year is 2017 for the UK and 2018 for the USA.



Do U.S. investments in China enable China to invest so aggressively in Africa and Latin America?

## China's African Trade & Investment: now bigger than U.S.

- A major concern in the U.S. is the growing dominance of China in Africa
- Whereas the U.S. lectures Africa on democracy, China makes deals and asks a few questions
- China's trade with Africa has increased dramatically in recent years as well as his investments.
- In the past decade, China has jumped way ahead of the U.S. in both trade and investments
- But, as the other chart indicates, U.S. spends twice as much in China as it does in Africa. China's African Trade & Investment: now bigger than U.S.
- Do U.S. investments in China enable China to invest so aggressively in Africa and Latin America?

## Sub-Sahara COVID Hit of GDP lower than for World

### Real GDP Forecasts for 2020 & 2021

(Percent change from previous year)

	2017	2018	2019	2020	2021
<b>World</b>	<b>3.3</b>	<b>3.0</b>	<b>2.4</b>	<b>-5.2</b>	<b>4.2</b>
Euro Area	2.5	1.9	1.2	-9.1	4.5
Latin America	1.9	1.7	0.8	-7.2	2.8
<b>United States</b>	<b>2.4</b>	<b>2.9</b>	<b>2.3</b>	<b>-6.1</b>	<b>4.0</b>
Russia	1.8	2.5	1.3	-6.0	2.7
MENA	1.1	0.9	-0.2	-4.2	2.3
India	7.0	6.1	4.2	-3.2	3.1
<b>Sub-Sahara</b>	<b>2.6</b>	<b>2.6</b>	<b>2.2</b>	<b>-2.8</b>	<b>3.1</b>
China	6.8	6.6	6.1	1.0	6.9
World trade	5.9	4.0	0.8	-13.4	5.3
Oil prices	23.3	29.4	-10.2	-47.9	18.8
Commodity prices	5.5	1.8	-4.2	-5.9	3.0

Source: JUNE 2020, Global Economic Prospects, World Bank

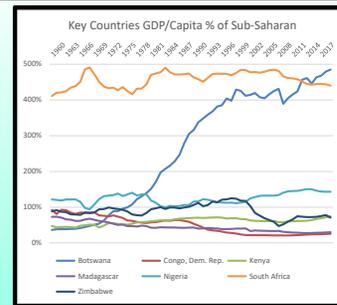
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## Covid-19: deepest global recession in decades

- The World Bank projects the steepest economic decline in the world in decades
- Forecast decline for Sub-Sahara is only 2.8% vs. world of 5.2%
- But if consider Sub-Sahara's much faster population growth, on a per capita basis the decline would be much more severe
- The sharp decline in world trade, oil prices, and commodity prices are major contributors to the GDP decline
- Generally, within country decline will be most severe for those who are poor, work in the informal sector, and generally receive limited government financial assistance.

## Africa is not one country! Expect divergence

- Some becoming richer and more democratic others not
- Stronger economies and better schooling will help slow population growth (education is a contraceptive)
- But, long term, rising urbanization, remittances, and education are reasons for hope



Source: [www.economist.com/special-report/2020/03/26/africa](http://www.economist.com/special-report/2020/03/26/africa)

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## Africa is not one country! Expect divergence

- We don't want to carelessly lump sub-Sahara's 54 different countries together and talk of it as a place that rises or falls as one.
- The most likely trend – is divergence : some becoming richer and many not
- Mauritius is Sub-Sahara's most successful whereas Madagascar is one of few countries in the world to have become poorer past 50 years due to disastrous socialist policies and repeated political crises.
- Countries with more capable bureaucracies and more open democracies tend to do better economically and invest more in education.
- Stronger economies and better schooling, in turn, help slow population growth and improve dependency ratios.
- Over the longer term, rapid urbanization; increasing migration and remittances; and a rising education, give reasons for hope.

## Some may do well & optimistic

- Extreme poverty rates declining
- Potential as provider of services - running call centres and back-office work
- Millions of educated English-speakers
- Developing entrepreneurial culture – college enrollments tripled since 2000

*"Africa, looks to drive the coming decades of growth. Uganda, Tanzania, and Kenya all look primed to experience rapid growth..., to join Ethiopia, who currently stands among the fastest growing countries in the world."*  
[atlas.cid.harvard.edu/growth-projections](https://atlas.cid.harvard.edu/growth-projections)



Source: [www.economist.com/special-report/2020/03/26/africa](https://www.economist.com/special-report/2020/03/26/africa)

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## Some of Africa's economies are doing well

- Africa has a massive opportunity as a low-cost provider of services”
- Moreover, many are starting to export more services, such as running call centres.
- Efforts to make the world's largest free-trade area, scheduled to come into effect in July.
- Only 17% of African trade is with each other vs 60-70% in Asia and Europe.
- Elimination of tariffs on trade within Africa would boost GDP a percentage point.
- Plus, by exporting to neighboring countries, they can specialize and become more competitive in global markets
- Emergence of a startup culture - enrollment rates in tertiary institutions across Africa almost tripled to 16% between 2000 and 2016.

From <https://www.economist.com/special-report/2020/03/26>

### An optimistic view: Will no longer be "The Hopeless Continent"



- Old Africa - disconnected from global economy, conflict, corruption & dependency on outside donors
- Transformation is moving it from world's margins toward global mainstream
- In coming decades, progress will finally transform it into an emerging continent
- Transformation is connected to its contemporary immigrant diaspora who will pull the continent's success together
- Gradually it become an increasingly complex, reconciling its challenges with more rapid progress
- In future will be more globally-connected



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## **An optimistic view: Will no longer be "The Hopeless Continent"**

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- In future will be more globally-connected

## A coming African Era?

- Youngest and fastest population growth
- By 2050, will be quarter of world's
- Rapidly growing population is big challenge to provide jobs, food, health and education
- But in spite of problems, progress is underway
- After centuries on periphery, likely play bigger role
- 7 projected to be among fastest GDP growth next decade
- Improving education, lowering trade barriers in a continent-wide free-trade area
- However, progress not inevitable, nor be evenly spread

**Bottom line:** Africa's future, like its recent past, likely to be uneven

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## Africa's rapid change will give it a bigger role in world affairs

- Africa is world's youngest and fastest growing continent
- Some see this rapidly growing population as a recipe for disaster
- Unlike China and Brazil, Africa is divided into 54 countries, all with their different problems
- But in spite problems, progress is underway
- After centuries on the periphery, Africa is set to play a much more important role in global affairs,
- By 2050, will have a quarter of the world's total.
- 7 African countries will be among the 15 to grow fastest until 2027.
- Improving education, lowering trade barriers...
- Progress is not inevitable, nor will it be evenly spread, yet basis for some optimism

From <<https://www.economist.com/special-report/2020/03/26/africa-is-changing-so-rapidly-it-is-becoming-hard-to-ignore>>

## What is right road to global success? Ideal political and social institutions



1. Secure property rights to better encourage savings and investment
2. Secure rights of personal liberty against abuses of tyranny, crime and corruption
3. Enforcement of rights of contract
4. Government of laws rather than of men
5. Responsive government that would hear a complaint and make redress
6. Honest government so people aren't motivated to seek advantage and privilege
7. Moderate, efficient and ungreedy government that holds taxes down and avoids privilege

Source: David S. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some Are So Poor*, WW Norton, 1998, pages 217-218

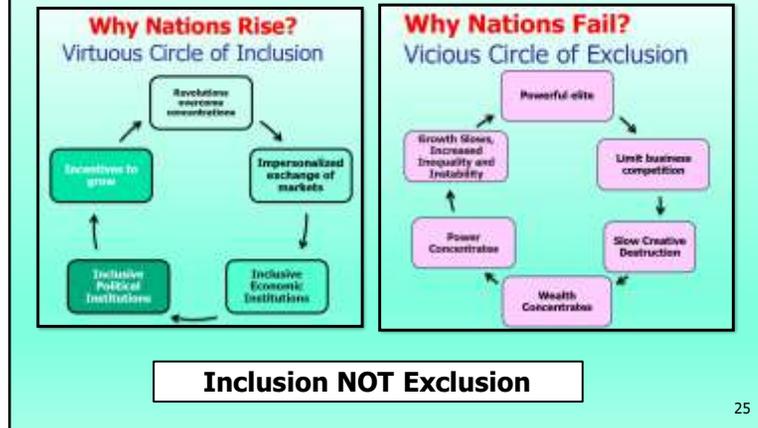
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## Understanding the modern world What are the ideal political and social institutions?

1. Secure property rights to better encourage savings and investment
2. Secure rights of personal liberty against abuses of tyranny, crime and corruption
3. Enforcement of rights of contract
4. Government of laws rather than of men
5. Responsive government that would hear a complaint and make redress
6. Honest government so people aren't motivated to seek advantage and privilege inside or outside the marketplace, that is to discourage rent-seeking
7. A moderate, efficient and ungreedy government that holds taxes down, reduces the government's claim on the social surplus, and avoids privilege

Source: David S. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some Are So Poor*, WW Norton, 1998, pages 217-218

## Understanding the modern world What works and what doesn't?



## Understanding the modern world What works and what doesn't?

- One of my objectives in trying to better understand the modern world is also to better understand what type of a world might be best
- This chart, on what works and does not work, draws heavily upon the book “*Why Nations Fail*”, which argues that the key to a successful country is inclusion as opposed to exclusion or extraction
- We’ve seen in Africa, many cases of exclusion and too few cases of inclusion
- The vicious circle in most countries has overwhelmed the virtuous circle
- The 400 years of slavery and colonization has made a large and persisting impact upon sub-Saharan Africa.
- Hopefully, Africans with appropriate assistance from the rest of the world, can make more progress in the future than they have in the past

## Understanding Sub-Saharan Africa Summary & Conclusions

1. **Q.** What is Sub-Saharan Africa?
  - Large, underdeveloped, diverse region, long exploited
2. **Q.** What contributed to its poverty and instability?
  - Long legacy of European slavery and colonization with bad neocolonial economic policies and corrupt governments
3. **Q.** What are its prospects?
  - Now parts showing promise of progress but threatened by climate change and rapid population growth
4. **Q.** What is the right road to global success?
  - Democratic rule by law

"Human progress never rolls on the wheels of inevitability. It comes through tireless efforts and persistent work..." - Martin Luther King Jr.

Next class: India

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## Big difference in size and wealth of nations

Share of World Economy and Population for Major Countries and Regions, 2018

Country/Region	Population	GDP (US\$)	GDP, PPP (intl \$)	GDP per capita (US\$)	GDP per capita, PPP (intl \$)	Trade in US\$	Extreme poverty (\$1.90/day PPP)
China	18%	13%	19%	71%	101%	8%	1%
India	18%	3%	8%	19%	43%	3%	28%
Sub-Saharan Africa	14%	2%	3%	15%	22%	2%	57%
Latin America	8%	7%	8%	88%	93%	6%	4%
Middle East & North	6%	4%	7%	72%	115%	6%	0%
European Union	6%	23%	14%	336%	237%	34%	0%
United States	4%	22%	15%	501%	349%	10%	0%
Russia	2%	2%	3%	108%	161%	2%	0%
United Kingdom	1%	3%	2%	398%	254%	4%	0%
<b>World</b>	<b>7.6 bil</b>	<b>\$82.7 tril.</b>	<b>\$121.2 tril.</b>	<b>\$ 10,821</b>	<b>\$ 15,957</b>	<b>\$49.2 tril</b>	<b>734 mil</b>

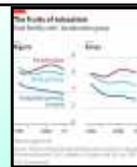
Source: World Bank Development Indicators data download 5/15/2020. GDP in constant \$2010 US \$ and PPP in Constant 2011 Intl \$. Most poverty data for 2015.

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### Big difference in size and wealth of nations

- China, India, and sub-Saharan Africa are the large regions population wise, but all have world average or lower GDP per capita.
- India and sub-Saharan Africa, in particular, have the lion share of the world's extreme poverty.
- Latin America, with 8% of the world population has about the same share of GDP and trade. – it's in the middle or average
- Russia, has less than 3% of world population, GDP and trade.
- Depending upon which yardstick is used whether nominal GDP or purchasing power parity (PPP) GDP, China is either the first or second ranking world power
- Enormous differences between the rich and the poor parts of the world.
- European Union has largest share of world trade.
- World in 2018 had 7.6 billion people and it won't be long until it hits 8 billion, although population growth globally is slowing substantially.

## Population fast growing, but education may slow it down



- Sub-Saharan Africa's population is growing at 2.7% a year, which is more than twice as fast as South Asia (1.2%) and Latin America (0.9%)
- Africa's population will double by 2050 to 2.5bn people - a quarter of world
- May double again between 2050 and 2100, to 4.3bn people, or 39% of world
- In 1970s, only half of children in Sub-Sahara were in primary school, now it's almost 100%
- Few things have a stronger influence over African fertility rates than education
  - Women with no formal education have 6 or more children
  - This falls to about four for women who have finished primary school
  - It's about two for those who have finished secondary school
- Educated youngsters are more likely to want democratic government,
- Falling birth rates, when accompanied by rising literacy, can boost growth
  - Lowering the fertility rate by one child would almost double expected increase in Nigeria's income per head by 2060

Source: [www.economist.com/special-report/2020/03/26/africa](https://www.economist.com/special-report/2020/03/26/africa)

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### Africa's population will double by 2050

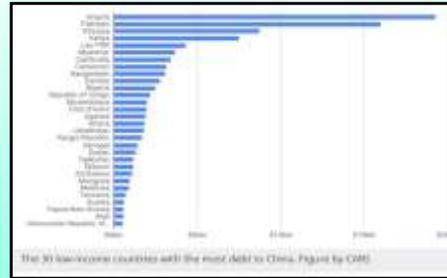
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Source: <https://www.economist.com/special-report/2020/03/26/africas-population-will-double-by-2050>

Appendix: Supplementary information

Chinese biggest lender to Sub-Sahara

Note: 20 of top 30 are African



- World Bank largest in poor countries \$106 bil vs. China \$104 bil.
- In Sub-Saharan Africa, China \$62 bil. exceeds World Bank \$60 bil.
- Of \$43 billion in debt service in 2020 – 30% to owed China, more than to any other creditor

Source: Posted by Deborah Brautigam, Director of the China Africa Research Initiative (CARI) and Bernard L. Schwartz Professor at Johns Hopkins University's School of Advanced International Studies (SAIS) in Washington, DC. <https://thediplomat.com/2020/06/putting-a-dollar-amount-on-chinas-loans-to-the-developing-world/>

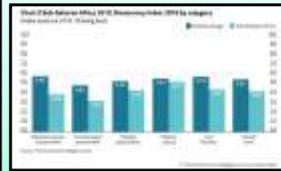
Appendix: Supplementary information

2019 World Oil Production by Top Countries

World Rank	Country	Oil production (bbl/day)	Annual Value @ \$64 (\$ bil)
	World production	80,622,000	\$ 1,883
1	U.S.	15,043,000	\$ 351
2	Saudi Arabia (OPEC)	12,000,000	\$ 280
3	Russia	10,800,000	\$ 252
4	Iraq (OPEC)	4,451,516	\$ 104
5	Iran (OPEC)	3,990,956	\$ 93
6	China	3,980,650	\$ 93
7	Canada	3,662,694	\$ 86
<b>Sub- Sahara</b>			
13	Nigeria (OPEC)	1,999,885	\$ 47
14	Angola (OPEC)	1,769,615	\$ 41
31	Congo, Republic(OPEC)	308,363	\$ 7
35	Sudan and South Sudan	255,000	\$ 6
37	Equatorial Guinea (OPEC)	227,000	\$ 5
38	Gabon (OPEC)	210,820	\$ 5
40	Chad	110,156	\$ 3
42	Ghana	100,549	\$ 2

List of countries by oil production, Wikipedia 8/10/2020

Appendix: Supplementary information



Sub-Saharan Regime Types. 2019	
Regime types	No. Countries
Full Democracy	1
Flawed Democracy	6
Hybrid regime	15
Authoritarian	22
<b>Total</b>	<b>44</b>

Economist Intelligence Unit

**Sub-Saharan Africa**

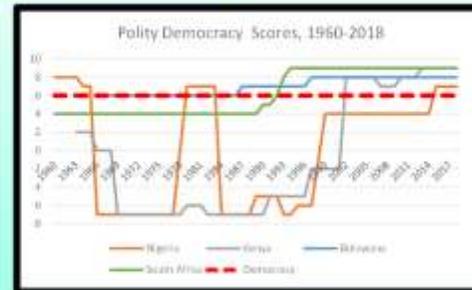
Table 11  
Sub-Saharan Africa 2018

Country	Year	Polity	Democracy	Autocracy	Hybrid	Flawed	Authoritarian	Regime
Algeria	2018	1	1	0	0	0	0	Authoritarian
Angola	2018	1	1	0	0	0	0	Authoritarian
Benin	2018	4	4	0	0	0	0	Flawed Democracy
Burkina Faso	2018	1	1	0	0	0	0	Authoritarian
Burundi	2018	1	1	0	0	0	0	Authoritarian
Cameroon	2018	1	1	0	0	0	0	Authoritarian
Cote d'Ivoire	2018	4	4	0	0	0	0	Flawed Democracy
Egypt	2018	1	1	0	0	0	0	Authoritarian
Ethiopia	2018	1	1	0	0	0	0	Authoritarian
Ghana	2018	4	4	0	0	0	0	Flawed Democracy
Guinea	2018	1	1	0	0	0	0	Authoritarian
Guinea-Bissau	2018	1	1	0	0	0	0	Authoritarian
Kenya	2018	4	4	0	0	0	0	Flawed Democracy
Lesotho	2018	4	4	0	0	0	0	Flawed Democracy
Liberia	2018	1	1	0	0	0	0	Authoritarian
Madagascar	2018	1	1	0	0	0	0	Authoritarian
Mali	2018	1	1	0	0	0	0	Authoritarian
Mauritania	2018	1	1	0	0	0	0	Authoritarian
Morocco	2018	4	4	0	0	0	0	Flawed Democracy
Mozambique	2018	1	1	0	0	0	0	Authoritarian
Niger	2018	1	1	0	0	0	0	Authoritarian
Nigeria	2018	1	1	0	0	0	0	Authoritarian
Rwanda	2018	1	1	0	0	0	0	Authoritarian
Senegal	2018	4	4	0	0	0	0	Flawed Democracy
Sierra Leone	2018	1	1	0	0	0	0	Authoritarian
South Africa	2018	6	6	0	0	0	0	Full Democracy
Tanzania	2018	1	1	0	0	0	0	Authoritarian
Togo	2018	1	1	0	0	0	0	Authoritarian
Tunisia	2018	4	4	0	0	0	0	Flawed Democracy
Zambia	2018	4	4	0	0	0	0	Flawed Democracy
Zimbabwe	2018	1	1	0	0	0	0	Authoritarian

Appendix: Supplementary information

Ups & downs of Sub-Saharan Democracy

- Chart shows the volatility of changes from democracy (Index=6+) & Autocracy (-6)
- Of those charted, only Botswana has been democratic since 1960
- S Africa became democratic under Mandela in 1990s
- Notice Nigeria's gyrations and Tanzania and Cameroon's always near the bottom



## GDP/capita much lower than world average, but a few growing faster

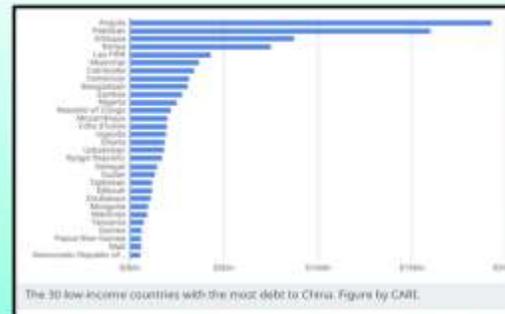
Country	GDP/Capita 2019	Average GDP/Capita Growth 1960-2019	Average GDP/Capita Growth last 20 years
Botswana	8,093	4.9%	2.1%
South Africa	7,346	0.8%	1.2%
Nigeria	2,387	0.7%	2.8%
Kenya	1,237	1.3%	1.9%
Zimbabwe	1,183	0.2%	-1.7%
Madagascar	500	-1.0%	0.1%
Congo Dem. Re	424	-1.8%	1.3%
Sub-Sahara	1,669	0.7%	1.6%
World	11,076	1.8%	1.6%

Source: Data from World Bank in Constant 2010 US \$ on 8/6/2020

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## Sub-Saharan 2050 workforce gain to be 2/3rds of world

Total &amp; Working Age Population and Projections 2020 &amp; 2050, millions

Region	2020		2050		% Change 2020-50		2020-2050 Increase		2020-2050 Increase Share	
	Total	20-64	Total	20-64	Total	20-64	Total	20-64	Total	20-64
World	7,795	4,471	9,735	5,458	25%	22%	1,940	986	100%	100%
<b>Sub-Saharan Africa</b>	<b>1,094</b>	<b>484</b>	<b>2,118</b>	<b>1,106</b>	<b>94%</b>	<b>129%</b>	<b>1,023</b>	<b>622</b>	<b>53%</b>	<b>63%</b>
India	1,380	802	1,639	1,001	19%	25%	259	199	13%	20%
China	1,439	930	1,402	770	-3%	-17%	(37)	(160)	-2%	-16%
Latin America & Carib	654	386	762	441	17%	14%	108	56	6%	6%
MENA	498	279	700	392	40%	40%	202	113	10%	11%
W Europe	413	240	419	218	1%	-9%	6	(22)	0%	-2%
US	331	194	379	210	15%	8%	48	16	2%	2%
Russian Federation	146	89	136	74	-7%	-17%	(10)	(15)	-1%	-2%

Source: UN, World Population Prospects 2019, Medium Variant, Download 7/9/2020