

The perils of ignoring Africa's economy

Experts argue that African aid and development are even more important during downturn.



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But more than that, current estimates show that by 2040 Africa could have a population equal to China's and India's combined. If Africa can't get itself on track, you are likely not only to see new famines, but also an uncontrollable surge of illegal immigration to Europe and the U.S., with predictably destabilizing effects.

The major light on the horizon from an African viewpoint seems to be China, which is emerging on the continent as a major game changer. "The West sees Africa as a risk," Mills Soko, director of South Africa's Mthente Research and Consulting Services, told the Evian Group. "China sees Africa as an opportunity."

Not everyone is so enthusiastic about China's involvement. Bright Simons, research director for Ghana's IMANI Centre for Policy & Education, said China is placing too high an emphasis on infrastructure with little technology transfer, while the West is focusing on improving civil government, an area where help is most needed. "The Chinese are repeating the development policies of 30 years ago," Simons said.

Regardless of who is right, there is a general consensus that Africa needs a new approach. One suggestion emerging from the Evian Group discussion is that Africa should abandon the European-U.S. development model that places heavy emphasis on exports, and concentrate instead on developing its own internal markets. At the moment it is cheaper for housewives in West Africa to buy a chicken imported from Brazil than it is to buy one raised locally. Part of that is due to the enormous subsidies for farmers that you find in the U.S. and Europe. Cheap food is great, but it doesn't make being a local farmer in Africa very profitable. African overregulation and tariff barriers are also a factor.

Despite the dangers of overregulation, another recommendation emerging from the discussion is that some government oversight is needed to keep the free market on track. The key issue here is to opt for pragmatism and economic realism rather than ideology. What Africa may need more than money is technical advice on how to deal with market realities. The trend of the future seems to be more public-private partnerships, in which government, development organizations and the private sector need to learn how to combine their forces and work together.

The irony is that with the financial crisis nudging much of the world towards protectionism, many Africans still believe in the free market dream. "Africa may end up being the last region in the world that still truly believes in global capitalism," Mills Soko said during the Evian Group discussions. "Africa is open for business."