AFRICA AND THE ´POST-AMERICAN CENTURY´

Greg Mills

Two decades after the fall of the Berlin Wall there can be no doubt that the global financial and economic crisis, the most sustained ever since the 'great depression', represents a historical hiatus. In the first half of the 19th century, John Maynard Keynes had argued in favour of interventionism in economic policy, but when Richard Nixon governed the USA, the maxim 'We are all Keynesians' was abandoned. More recently, Paul Krugmann postulated that 'financial globalization' was more dangerous 'than we assumed'. Today, the very nature of globalization is being scrutinized together with the policies of its most prominent proponent, the USA. The effects of global change are considerable indeed, not least in Africa. If we view the situation from the perspective of that continent, the picture that emerges is depressing.

All over the world, a phase of record growth was cut short by the recent global recession. Numerous transforming and developing countries had set out on a path of economic reform that was quite capable of releasing a large potential with which to create prosperity. Only Africa was rather luckless in its attempt to follow that trend.

In the mid-seventies, per-capita incomes reached a peak in the African countries, some of which had only just attained independence. But the steady decline that followed caused these figures to dwindle again until another boom set in after the turn of the millennium. Sub-Saharan Africa holds a record that is causing concern everywhere, its economy having expanded by no more than 1.9 percent between 1980 and 1990 and 2.5 percent between 1990 and 2000. All in all, the continent is involved in less than one percent of the global annual capital flow, and the downward trend is continuing. If we exclude South Africa, the share of sub-Saharan Africa in the global trade amounts to one percent, if that. Africa's countries, whose development lags far behind that of the countries in Asia which attained independence at the same time, proved incapable of following the lead of the other states in globalization, although the continent's chances never looked better.

After 1945, the economic structures of the two blocs changed quickly towards far-reaching integration. Gathering speed after 1989, the process ended in the political, economic, and technological system of trade and communication that we call globalization, under which the global exchange reached unheard-of dimensions in the first years of this millennium. More than half the world's population, including the inhabitants of India, China, Vietnam, Russia, and the former Soviet states, became involved in an enormous global market economy.

One of the beneficiaries of this trend was democracy, for 117 of 192 countries had pluralist forms of government by 2000. The part played by ideologies and markets had changed: no longer were countries assessed by their political creed under the bipolar logic of the Cold War but by their concrete contribution to the common market – a market which, as many were to discover, provided the stage for a pitiless game played by capitalist forces.

One of the victims of this game was and is Africa, and there are several conclusions to be drawn from this situation which should be formulated as tasks for the future: first and foremost, it should certainly be the primary concern of many countries to set up an efficient credit and banking sector that promotes entrepreneurial initiative. Another crucial task is to implement equal rights for men and women in each society, which implies not only doing away with the exploitation of female labour but also providing access for women to institutions and loans. Health and social reforms are urgently needed. It is also indispensable to set up an insurance industry which is evidently relevant to business because it creates investment incentives. There are many African countries where the right to acquire land must be either changed from the ground up or extended. And finally, there is need for a class of professional civil servants who live on their salaries and not on embezzlement.

As Niall Ferguson says, 'poverty does not result from the exploitation of the poor by greedy financiers.' Instead, it results from a lack of institutions, banks, and contacts. Nor are states poor because others are rich and they are not. They are poor because they lack technology, adequate thinking, and a local environment of political, economic, and societal reforms.

In 2003, Goldman Sachs published an analysis of the economic potential of the BRIC states (Brazil, Russia, India, China) whose total share in the global population is no less than forty percent. It said that China might overtake the USA as the largest national economy in the world by 2020, and that India might do the same by 2050. All this had become possible because these four countries had changed their political systems and opened up to global capitalism. The rise of Greater China, which can be traced back to the great migration of the Chinese peasants after 1958, may well be the most important event that will animate the global economy as far as we can see today.

Yet the superman role ascribed to China by many does not convince everybody. Bill Emmott foresees a power struggle between China, India, and Japan because their national interests overlap and compete in certain areas. In Mr Emmott's view, moreover, the Asian region is overshadowed by a great deal of historical bitterness, unresolved territorial conflicts, potential hotspots, and strategic competition. All this might flare up sooner or later. Another factor is the distrust of authoritarian China's policy that is widespread in the region. Furthermore, China's economic growth might be retarded by the government's one-child policy, as a result of which the average age of the population is increasing despite its enormous growth, with all the consequences this entails for the giant country's social and pension system. Lastly, there is the environment: China's role as the greatest emitter of carbon worldwide provides as much cause for concern as the swiftly increasing number of private cars in China as well as in India.

But is the 'decline of the West' really as inevitable as Niall Ferguson predicts? In point of fact, the US economy has been the largest in the world for more than a century, frustrating all those who predicted its doom because of the negative economic consequences of the recent military missions to Iraq and Afghanistan, or because of the challenges presented by China and India. The reason for America's sustained productivity lies not in the country's access to natural resources but in the level of investment and scientific input, in the economy's ability to reinvent itself constantly, and in its trade products.

This is the background against which Robert Lieber censors the 'declinists', saying it was highly improbable that the USA would soon have to give up its international leadership. There had been many who had underrated America's tenacity – the French and the British in the 18th century, the European powers at the time of the civil war, and later on Adolf Hitler and Saddam Hussein. It was only a question of time until the most recent group of declinists would be revealed as misguided.

The applause for Mr Lieber is not unanimous, however. Kishore Mahbubani, a Singaporean diplomat, points at Asia's rise and the resultant global transformations, saying that the West would find it difficult to adapt to these changes. First and foremost, the West needed to show that it was prepared to share its power with Asia in key institutions such as the IMF, the World Bank, and the UN Security Council.

In Africa itself, the developments that are now emerging represent enormous challenges: the continent's urban population will have doubled by 2025. There will be more than 50 cities with a population of more than one million each. Of the total, 30 million will be less than 25 years old. Many will be out of work, and frustration, hopelessness, and social tension will be the inevitable result. High infant mortality, HIV/Aids, and millions lacking access to education and qualification are added problems on a continent where social inequality is extreme in any case. An explosive mixture which, in the long run, might even lead to political destabilization in the entire region of sub-Saharan Africa.

Associated with extreme environmental pollution, the swift growth of the population gives rise to other challenges. Fragile in the first place, the states of sub-Saharan Africa are plagued by a historically underperforming agriculture, salination, and lack of water. Estimates indicate that by 2025, more than 1.8 billion people will be living in countries where water is scarce, and 2.8 billion will be living in 48 countries where the water situation is tense.

A look back twenty years after the fall of the Wall clearly shows that many of the things we believe to be epoch-making breakthroughs are hardly more than a footnote in history. On the other hand, things that we are hardly inclined to take notice of may have dramatic consequences in the future. Therefore, we should never end our endeavours to understand the past.

Assuming that the governments of the African countries are really interested in sustainably and substantially improving the material prosperity of their citizens, they will not be able to avoid investing in productive capacity. This includes creating favourable conditions for the private sector and treating education, health, and accommodation as social and economic investments. It also includes providing efficient governance and, most importantly, getting ready to produce goods which the world really needs. Addressed to all those who want to shape and benefit from globalization in the long run, this last demand is crucial. To be sure, it is easy to formulate this lesson, but it appears incomparably more difficult to learn it.

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