

The hopeful continent (The ECONOMIST)

Africa rising

After decades of slow growth, Africa has a real chance to follow in the footsteps of Asia

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THE shops are stacked six feet high with goods, the streets outside are jammed with customers and salespeople are sweating profusely under the onslaught. But this is not a high street during the Christmas-shopping season in the rich world. It is the Onitsha market in southern Nigeria, every day of the year. Many call it the world's biggest. Up to 3m people go there daily to buy rice and soap, computers and construction equipment. It is a hub for traders from the Gulf of Guinea, a region blighted by corruption, piracy, poverty and disease but also home to millions of highly motivated entrepreneurs and increasingly prosperous consumers.

Over the past decade six of the world's ten fastest-growing countries were African. In eight of the past ten years, Africa has grown faster than East Asia, including Japan. Even allowing for the knock-on effect of the northern hemisphere's slowdown, the IMF expects Africa to grow by 6% this year and nearly 6% in 2012, about the same as Asia.

The commodities boom is partly responsible. In 2000-08 around a quarter of Africa's growth came from higher revenues from natural resources. Favourable demography is another cause. With fertility rates crashing in Asia and Latin America, half of the increase in population over the next 40 years will be in Africa. But the growth also has a lot to do with the manufacturing and service economies that African countries are beginning to develop. The big question is whether Africa can keep that up if demand for commodities drops.

Copper, gold, oil—and a pinch of salt

Optimism about Africa needs to be taken in fairly small doses, for things are still exceedingly bleak in much of the continent. Most Africans live on less than two dollars a day. Food production per person has slumped since independence in the 1960s. The average lifespan in some countries is under 50. Drought and famine persist. The climate is worsening, with deforestation and desertification still on the march.

Some countries praised for their breakneck economic growth, such as Angola and Equatorial Guinea, are oil-sodden kleptocracies. Some that have begun to get economic development right, such as Rwanda and Ethiopia, have become politically noxious. Congo, now undergoing a shoddy election, still looks barely governable and hideously corrupt. Zimbabwe is a scar on the conscience of the rest of southern Africa. South Africa, which used to be a model for the continent, is tainted with corruption; and within the ruling African National Congress there is talk of nationalising land and mines (see [article](#)).

Yet against that depressingly familiar backdrop, some fundamental numbers are moving in the right direction (see [article](#)). Africa now has a fast-growing middle class: according to Standard Bank, around 60m Africans have an income of \$3,000 a year, and 100m will in 2015. The rate of foreign investment has soared around tenfold in the past decade.

China's arrival has improved Africa's infrastructure and boosted its manufacturing sector. Other non-Western countries, from Brazil and Turkey to Malaysia and India, are following its lead. Africa could break into the global market for light manufacturing and services such as call centres. Cross-border commerce, long suppressed by political rivalry, is growing, as tariffs fall and barriers to trade are dismantled.

Africa's enthusiasm for technology is boosting growth. It has more than 600m mobile-phone users—more than America or Europe. Since roads are generally dreadful, advances in communications, with mobile banking and telephonic agro-info, have been a huge boon. Around a tenth of Africa's land mass is covered by mobile-internet services—a higher proportion than in India. The health of many millions of Africans has also improved, thanks in part to the wider distribution of mosquito nets and the gradual easing of the ravages of HIV/AIDS. Skills are improving: productivity is growing by nearly 3% a year, compared with 2.3% in America.

All this is happening partly because Africa is at last getting a taste of peace and decent government. For three decades after African countries threw off their colonial shackles, not a single one (bar the Indian Ocean island of Mauritius) peacefully ousted a government or president at the ballot box. But since Benin set the mainland trend in 1991, it has happened more than 30 times—far more often than in the Arab world.

Population trends could enhance these promising developments. A bulge of better-educated young people of working age is entering the job market and birth rates are beginning to decline. As the proportion of working-age people to dependents rises, growth should get a boost. Asia enjoyed such a “demographic dividend”, which began three decades ago and is now tailing off. In Africa it is just starting.

Having a lot of young adults is good for any country if its economy is thriving, but if jobs are in short supply it can lead to frustration and violence. Whether Africa's demography brings a dividend or disaster is largely up to its governments.

More trade than aid

Africa still needs deep reform. Governments should make it easier to start businesses and cut some taxes and collect honestly the ones they impose. Land needs to be taken out of communal ownership and title handed over to individual farmers so that they can get credit and expand. And, most of all, politicians need to keep their noses out of the trough and to leave power when their voters tell them to.

Western governments should open up to trade rather than just dish out aid. America's African Growth and Opportunity Act, which lowered tariff barriers for many goods, is a good start, but it needs to be widened and copied by other nations. Foreign investors should sign the Extractive Industries Transparency Initiative, which would let Africans see what foreign companies pay for licences to exploit natural resources. African governments should insist on total openness in the deals they strike with foreign companies and governments.

Autocracy, corruption and strife will not disappear overnight. But at a dark time for the world economy, Africa's progress is a reminder of the transformative promise of growth.