

"The Long Shadow of Colonialism Is Still the Biggest Obstacle in the Way for African Development" Discuss

Africa started the 21st century as the poorest, most technologically backward and debt distressed region in the world. It accounts for 12.5% of the world's population but produces only 3.7% of global GDP¹ and this trend is set to continue, with social and political difficulties limiting its growth. Colonialism has played a significant part in this development, shaping the political and economic institutions in the region; however other external factors also present barriers, particularly the marginalisation of Africa by the developed world. Had colonialism simply led to the extraction of resources, arguably the effects would have been short term, with Africa continuing on its path to industrialisation and developing. In fact, the economic stagnation of the last century was not due to colonialism, but what it left behind in the fragmented and unstable African states; creating unstable economic institutions under the control of corrupt and oppressive policymakers.

The "Scramble for Africa" during the late 19th century² saw European colonisers take control of Africa to extract resources and fuel industrialisation in Europe. For African nations, this was detrimental to economic development, locking them into a development cycle as commodity exporters, trading vast quantities of 'cash crops' at subnormal prices with colonisers³. As an export-led growth model was implemented, industry never developed, with Africa practically exporting its wealth for the Europeans to benefit from. Although there was some infrastructure such as roads and ports implemented, they were short term and minimalistic in order for resources to be more efficiently extracted and hence provided few benefits compared to the vast wealth being accumulated by colonisers. The result of this was the exhaustion of African commodities and the subsequent reliance on export trading, which was both highly unsustainable and profoundly extorted by the Europeans.

The lack of industrialisation today ultimately stems from colonialism, presenting a significant barrier to future economic growth. Manufacturing represents just 10% of total GDP in Africa⁴ whilst over half of the countries depending on agricultural commodity exports, and two thirds of countries relying on minerals, are African⁵. In fact, by the 1980s, only five African countries had diversified export bases, with the rest of the continent reliant on just one or two export products⁶. This presents a substantial concern for long term economic growth; fluctuating commodity prices make this a very unstable source of income, leading to fluctuating

¹ "Obstacles To Africa'S Development". 2018. *UNECA*. <http://www1.uneca.org/Portals/era/2000/Chapter3.pdf>.

² See Appendix 1, which portrays the division of Africa after the 1884 Berlin Conference.

³ See Appendix 2, portraying the deteriorating terms of trade since the 1884 Berlin Conference 1884 and the official division of Africa into colonies.

⁴ "Manufacturing, Value Added (% Of GDP) | Data". 2018. *Data.Worldbank.Org*. <https://data.worldbank.org/indicator/NV.IND.MANF.ZS>.

⁵ "Commodity Dependence Worsens For Developing Countries". 2018. *Unctad.Org*. <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=435>.

⁶ Olamosu, Biodun, and Andy Wynne. 2015. "Africa Rising? The Economic History Of Sub-Saharan Africa – International Socialism". *Isj.Org.Uk*. <http://isj.org.uk/africa-rising/>.

profits and hence undermining business confidence and government tax revenues. Furthermore, the reliance on commodities means that African nations are dependent on imports for technology, capital goods and the majority of consumer goods. This current account deficit further destabilises the African economies, presenting an unsustainable growth model and ultimately a finite source of business.

However, export economies are not fundamentally inferior; China grew at astronomical rates during its export-driven growth in the late 20th century. It is the significant imbalance in African trade that presents the problem; this cannot generate the necessary growth rates for industrialisation, particularly given the technological backwardness. Trade with China, almost exclusively on Africa's natural resources, grew from US\$9 billion in 2000 to US\$160 billion in 2011⁷, however there is a concern about the unsustainability of this trade; lack of goods and services exports will continue to undermine progress as Africa fails to generate secondary and tertiary sector demand. With more efficient technologies in developed countries reducing demand for commodities, synthetics beginning to replace crops such as cotton and continuous price fluctuations, the economic security of commodity trading for Africa looks bleak. Without industrialisation, Africa cannot hope to transform into a developed continent and must diversify away from commodity exportation in order for this to be viable.

Alternatively, economic growth is not the only indicator of development and a significant barrier to political development stems from the oppressive political institutions in place across many African nations. Political turmoil in Kenya after the recent general election, dictators such as Teodoro Obiang Nguema Mbasogo in Equatorial Guinea, or military coup d'états such as in Zimbabwe have marred the region with instability and bloodshed. As portrayed by Daron Acemoglu and James Robinson, extractive political institutions lead to extractive economic institutions and hinder development⁸, since leaders want to maximise personal gains and are not subject to scrutiny by diplomatic parliaments. Foreign investment is deterred due to political fears, a lack of confidence, as well as unstable property rights. Particularly when business contracts are allocated by political connections rather than efficiency or profitability, growth will continue to be limited by the very institutions attempting to promote it.

The evidence of political exploitation in Africa is abundant. Between 1980 and 2000, Congo's HDI value actually fell from 0.286 to 0.234⁹, presenting a regression in economic development, whilst their authoritarian ruler, Mobutu Sese Seko, was building a private palace complete with air strips for Concorde's rented from Air France¹⁰. In Angola, Isabel dos Santos, the billionaire daughter of the long-serving president, has generated

⁷ Akukwe, Chinua. 2013. "Africa: Tackling 2013'S Development Challenges". *Allafrica.Com*. <https://allafrica.com/stories/201301100920.html>.

⁸ Acemoglu, Daron, and James A Robinson. 2013. *Why Nations Fail*. London: Profile Books.

⁹ "Human Development Report Congo". 2013. *Hdr.Undp.Org*. <http://hdr.undp.org/sites/default/files/Country-Profiles/COD.pdf>.

¹⁰ Acemoglu, Daron, and James A Robinson. 2013. *Why Nations Fail*. London: Profile Books.

her wealth through government contracts for her businesses, despite a third of Angolans living on incomes less than \$2 a day¹¹. The implementation of dictatorial regimes have helped these powerful elites to extract the wealth of the country for themselves, limiting incentives and preventing economic growth, whilst the rest of the population continues to struggle in abject poverty.

Unquestionably, extractive political institutions encourage a culture rife with corruption and secrecy, often at the expense of the public, evident through the huge accumulation of public debt leading to 40% of Sub-Saharan Africa being at a high risk of debt distress and more and more countries having debt levels above 50% of their GDP¹². A significant proportion of this debt is due to reckless government spending; Ghana's 10% budget deficit from 2012 to 2016 led to the apparent disappearance of a \$1.8bn loan for cocoa production in 2017, whilst over \$2bn was wasted in Mozambique on overpriced security and bogus trawlers¹³.

Unfortunately, the majority of aid sent to Africa does not even reach the lowest levels of society, being absorbed by the government and army in military controlled economies. There is an increasing worry of a significant African debt crisis, with countries stuck in interest repayments, presenting a significant barrier to fiscal spending and undermining business confidence as to the sturdiness of African economies. Once again, political restructuring and inclusive institutions are required to ensure efficient economic management, rebalancing the economy and prevent debt accumulation.

Fundamentally, however, the development of extractive political institutions was due to the vacuum of power left after colonialism, reinforcing the dysfunctional and decentralised politics present in Africa at the time and leaving absolutist states and inefficient property rights¹⁴. For Europeans, Africa was inhospitable; the extensive range of diseases led to its reputation as "a white man's graveyard" and hence colonisers had little incentive to preserve the economic integrity of the country, preferring instead to extract the resources as efficiently as possible¹⁵. The example of the Lele and Bushong in 17th century Congo emphasises significant disparities and political divisions already in place in African nations, but despite this the arrival of Belgian colonisers in Congo massively worsened the political unity of the country, leading to a decentralised state with exploitative economic institutions, contributing to the development of dictatorships and the lack of democracy that followed. Colonialism left a culture of extraction and extortion and this remained; it was now the authoritarian political institutions that created momentous obstacles, not only for economic development, but for the political transformation into a democratic and representative state.

¹¹ "Poverty & Equity Data Portal". 2018. *Worldbank.Org*. <http://povertydata.worldbank.org/poverty/country/AGO>.

¹² See Appendix 3, portraying the rising debt-to-GDP levels of African nations.

¹³ "Increasing Debt In Many African Countries Is A Cause For Worry". 2018. *The Economist*. <https://www.economist.com/middle-east-and-africa/2018/03/08/increasing-debt-in-many-african-countries-is-a-cause-for-worry>.

¹⁴ Acemoglu, Daron, and James A. Robinson. 2010. "WHY IS AFRICA POOR?". *Economic History Of Developing Regions* 25 (1): 21-50. doi:10.1080/20780389.2010.505010.

¹⁵ Acemoglu, Daron, and James Robinson. 2017. "The Economic Impact Of Colonialism". *Voxeu.Org*. <https://voxeu.org/article/economic-impact-colonialism>.

However until social crises are addressed, economic developments cannot occur, with survival taking precedence over prosperity. Droughts have terrorised the region, with inconsistent water supplies as well as high levels of tuberculosis, HIV and malaria. This has limited educational developments also; many children miss school to collect water for parents who are ill or forced to work and as a result over 60 percent of the unemployed in Africa are young adults¹⁶; lacking the skills to contribute to the workforce. Food security is another concern; of the 20 countries in the world with the worst food and nutrition security, 19 are in Africa¹⁷, further exacerbated through widespread famine and desertification, reducing the fertility of the land and the sustainability of farming. Widespread social problems lock individuals into subsistence lifestyles, failing to contribute to the economy and creating a vicious cycle of slow growth and social backwardness; a significant barrier to development.

Once again colonialism played a role in the development of this social inequality through the creation of a “dual economy”¹⁸; a distinctly separate developed and undeveloped sector of the country, created to house the pool of cheap labour used to extract resources. Subsequently, aid projects have mainly been focussed in these developed areas, whilst rural areas have been disregarded, remaining in abject poverty. Corrupt governments reinforce this inequality; city development helps to ensure votes and hence there is little regard for the rural populations. With four drought related coups in Africa during the early 1970s¹⁹, social underdevelopment contributes to political turmoil and economic stagnation and must be solved before the economy can progress.

Despite the detrimental impact of historical barriers, modern barriers to development are continuing to marginalise and exclude Africa from the benefits of globalisation. The G8 countries failed to provide over \$10 billion worth of aid to Africa²⁰, whilst domestic trade regulations and quotas continue to restrict industry growth in Africa and limit income; it was estimated that Uganda lost \$36.9m as a result of a fish ban due to concerns with health and safety²¹. Although perhaps warranted, these regulations have severe implications for African business; in fact, if the EU used international standards for pesticides then African exports would increase by \$400 million²². These trade restrictions have left Africa struggling to export their goods,

¹⁶ Akukwe, Chinua. 2013. "Africa: Tackling 2013'S Development Challenges". *Allafrica.Com*. <https://allafrica.com/stories/201301100920.html>.

¹⁷ Strauss, Gideon. 2016. "Six Challenges Facing Africa In 2016 - Providence". *Providence*. <https://providencemag.com/2016/01/six-challenges-facing-africa-2016/>.

¹⁸ Acemoglu, Daron, and James A. Robinson. 2010. "WHY IS AFRICA POOR?". *Economic History Of Developing Regions* 25 (1): 21-50. doi:10.1080/20780389.2010.505010.

¹⁹ Glantz, Michael. 1991. "Obstacles To African Development [Glantz]". *Africa.Upenn.Edu*. http://www.africa.upenn.edu/Articles_Gen/Obstacles_Development.html.

²⁰ Mohammed, Essam Yassin. 2016. "Five Obstacles Facing Least Developed Countries". *International Institute For Environment And Development*. <https://www.iied.org/five-obstacles-facing-least-developed-countries>.

²¹ Mutume, Gumisai. 2006. "New Barriers Hinder African Trade | Africa Renewal Online". *Un.Org*. <https://www.un.org/africarenewal/magazine/january-2006/new-barriers-hinder-african-trade>.

²² Mutume, Gumisai. 2006. "New Barriers Hinder African Trade | Africa Renewal Online". *Un.Org*. <https://www.un.org/africarenewal/magazine/january-2006/new-barriers-hinder-african-trade>.

presenting barriers to fiscal spending and business growth as well as overriding many of the beneficial trade deals implemented by the WTO to promote African growth. Not only is Africa limited in its industrial development, but stricter regulation by developed countries threatens to cut out exporters and stem the main flow of income into the continent.

Each country in Africa has been limited in development for different reasons. Some, such as Zimbabwe, have been under the oppressive regime of a dictator. Others, such as Zambia or Ghana, are exposed to fluctuating commodity prices. However, it is the overarching shadow of colonialism; not what it took, but what it left behind; that presents the most significant barrier to future economic development across Africa, implementing oppressive political institutions and a culture of extraction and extortion. Not all African countries have failed; the implementation of prosperous political institutions after Botswana's independence in 1966 has led to the highest rate of per-capita growth of any country in the world in the last 35 years²³. African countries must now focus on democratic and inclusive political institutions to promote economic prosperity and encourage efficient economic management, utilising fiscal policy and aid effectively in order to first solve social issues and invest in human capital through infrastructure and education schemes. Although viable, violent price fluctuations make commodity exportation far too unreliable and African nations must transition to the production of goods and services, promoting industrialisation and following growth models more similar to East Asian countries, utilising their large populations to accelerate development.

Many of the barriers to growth do stem from internal issues; however Europe and the rest of the developed world must play their part in promoting development in the region. Freer trade deals, availability of aid and flexibility of debt repayments must be implemented to support socio-economic development in the region. African development presents not only a historical tragedy, but a humanitarian crisis and the developed world must play their part in helping to solve the political and economic mess that they have inherently created.

1971 words (excluding references and footnotes)

²³ Acemoglu, Daron, Simon H. Johnson, and James A. Robinson. 2001. "An African Success Story: Botswana". *SSRN Electronic Journal*. doi:10.2139/ssrn.290791.

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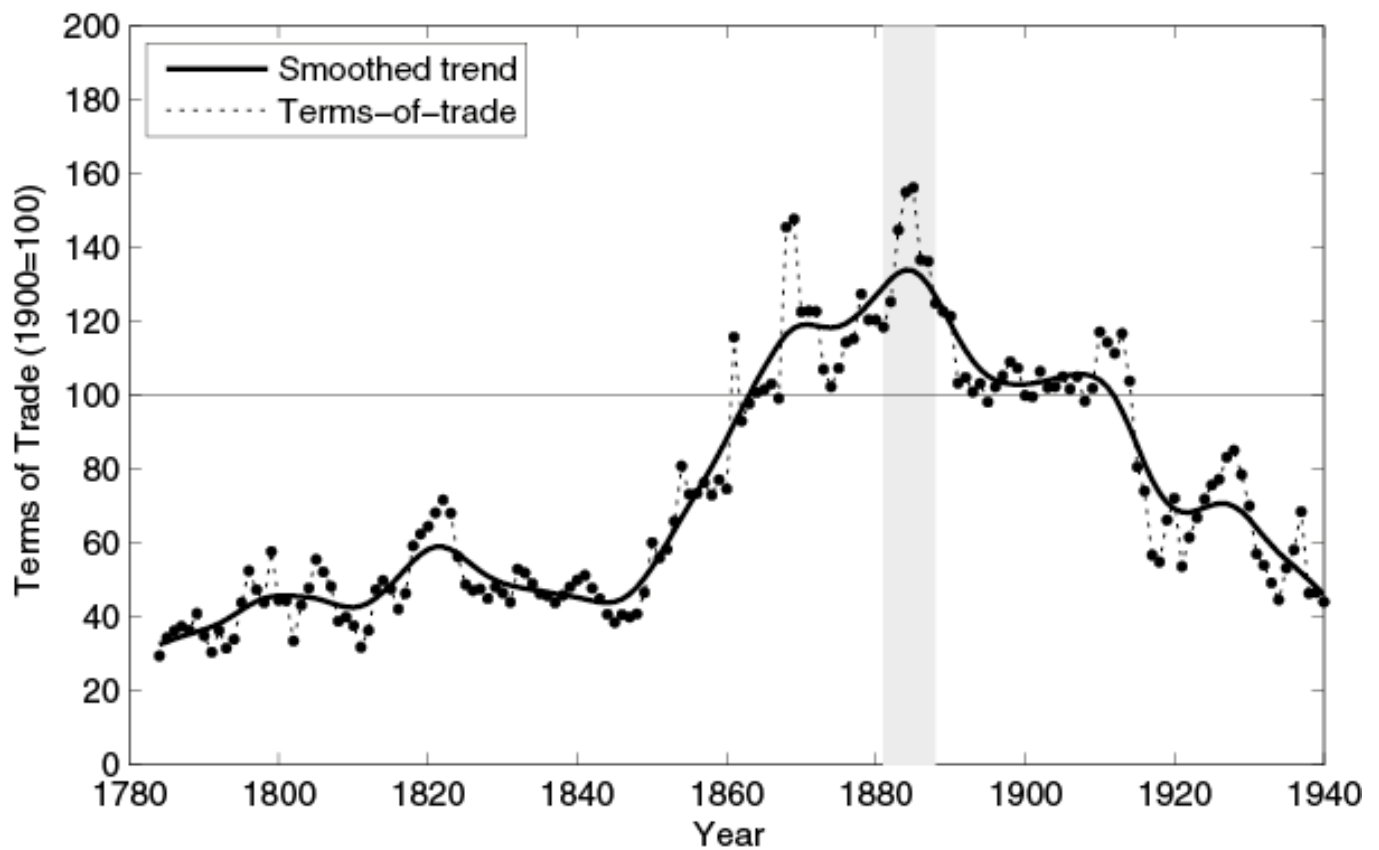
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Appendices



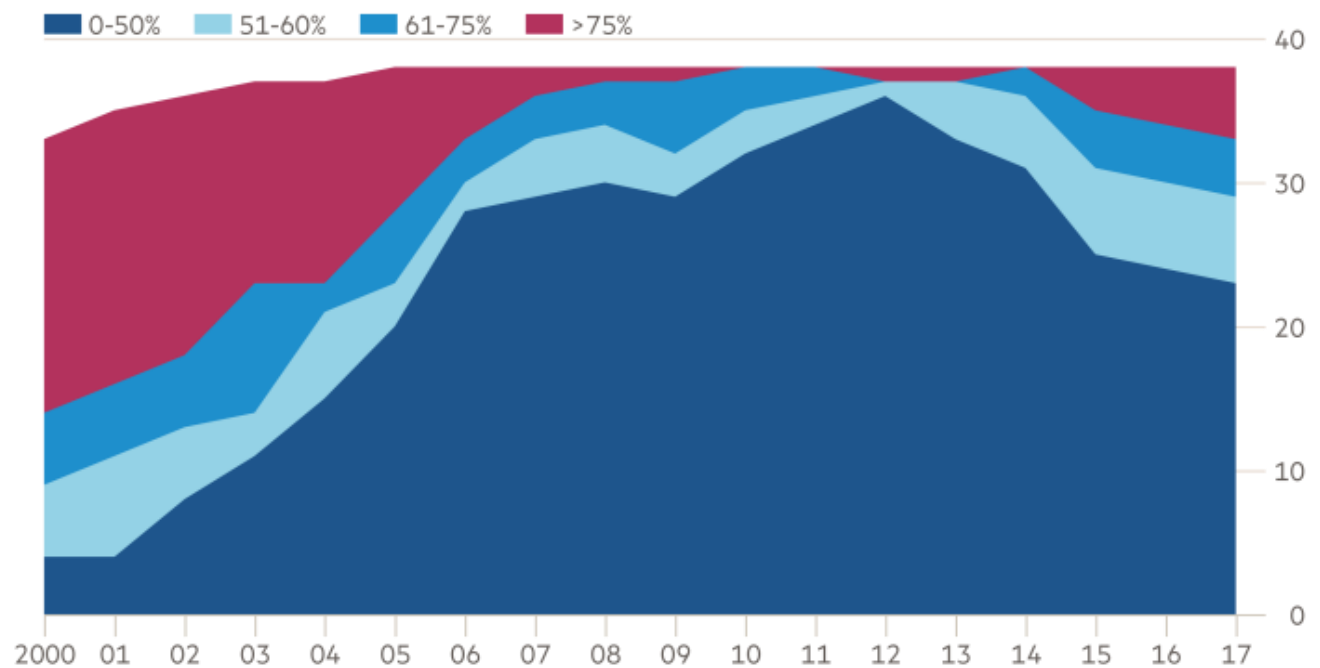
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Debt burden of low-income sub-Saharan countries

Debt-to-GDP (number of countries)



Source: IMF/World Bank

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APPENDIX 3: Giles, C. and Pilling, D. (2018). *African nations slipping into new debt crisis* | *Financial Times*. [online] Ft.com. Available at: <https://www.ft.com/content/baf01b06-4329-11e8-803a-295c97e6fd0b> [Accessed 31 Jul. 2018].