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#CODESRIA14

**Creating African Futures in an Era of Global Transformations:**

**Challenges and Prospects**

**Créer l'Afrique de demain dans un contexte de transformations mondialisées :**

**enjeux et perspectives**

**Criar Futuros Africanos numa Era de Transformações Globais:**

**Desafios e Perspetivas**

**بعث أفريقيا الغد في سياق التحولات المعولمة :**

**رهانات و آفاق**

**The Brics In Africa: Diversifying Dependency**

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*Africa is currently said to be rising, turning a definitive page in its history. Numerous reports have rapidly constructed a narrative of an inextricable upward trajectory. Though all evidence suggests that an upsurge in economic growth has been built on the back of a commodity super-cycle, the “Africa Rising” discourse prefers to insist that improved governance and qualitative endogenous dynamics have been responsible. Equally, the role of emerging economies have been cited as playing an important role in diversifying Africa’s international relations and thus granting Africa new and exciting possibilities. Emblematised by the BRICS, a great deal of excitement has been generated to suggest that not only is Africa on the up but that this is taking place within a global context where we are on the cusp of radically changing the global order, one that will be favourable to the developing world. However, Africa has still to go through any structural transformation and there is strong evidence to suggest a scenario of de-industrialisation and jobless growth. Far from bringing about a milieu where Africa may turn a radically new page in its developmental trajectory, the continent is ever more being pushed into the resource corner. At the same time, hope that the BRICS might offer up an alternative to the extant neoliberal order have been misplaced; the elites of the BRICS have an integral stake in maintaining the current unequal global capitalist system. Africa thus must fashion its own independent path—relying on the BRICS (or any other external actors) simply reproduces Africa’s state of underdevelopment.*

Africa is currently said to be rising, turning a definitive page in its history. African per capita growth figures (if taken at face value) are relatively high and have now been sustained for a decade or so. This has been constructed on the back of “a commodity price boom that was unprecedented in its magnitude and duration [where the] real prices of energy and metals more than doubled in five years from 2003 to 2008, while the real price of food commodities increased 75 percent.”<sup>1</sup> The commodity price hike of the first decade of the twenty-first century has been attributed to the robust growth of emerging economies, particularly China.<sup>2</sup> High growth rates and the increase in activities by emerging economies across Africa are then said to be in the process of reshaping the continent’s international relations. Analyses thus far have had a strong evangelical aspect to them, suggesting that Africa has turned a corner.

Barely a week passes without some new official report, media article, or conference eulogizing the continent and its growth figures. Africa is now the “rising star.”<sup>3</sup> We are living in “Africa’s moment”, where it is “Africa’s turn.”<sup>4</sup> In this new world, “Africa emerges,”

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<sup>1</sup> Erten, B. and Ocampo, J. “Super Cycles of Commodity Prices Since the Mid-Nineteenth Century,” *World Development*, vol. 44 (2013): 14.

<sup>2</sup> Akyüz, Y. (2012) *The Staggering Rise of the South?* Geneva: South Centre.

<sup>3</sup> *The Economist*, December 3, 2011.

<sup>4</sup> Severino, J-M. and Ray, O. (2001) *Africa’s Moment* Cambridge: Polity Press; Miguel, E. (2009) *Africa’s Turn?* Cambridge, MA: MIT Press.





moving from “darkness to destiny,” where it is “leading the way.”<sup>5</sup> In fact, we are told, “The Next Asia Is Africa” based on an “African Growth Miracle.”<sup>6</sup> We are even told that “Africa will rule the 21st century”<sup>7</sup> and “Business conferences are filled with frothy talk of African lions overtaking Asian tigers.”<sup>8</sup> Previous studies on the political economy of Africa are dismissed as “Afro-pessimism,” to be swept away by “The Ultimate Frontier Market.”<sup>9</sup> A recent book on Africa’s economic development has a quasi-Superman springing from Africa on its front cover.<sup>10</sup> In short, “It’s time for Africa.”<sup>11</sup> More sober analyses that “the present growth is socially unsustainable” are generally crowded out.<sup>12</sup>

In the context of stagnating or slowly growing economies in the West, at face value, Africa’s growth *does* look comparatively healthy, setting aside for a moment the flattening out of over fifty variable countries into one entity known as “Africa.” However, beyond the growth figures, ongoing dynamics are deepening Africa’s dependent position in the global economy. Indeed, the current process “deepens and intensifies Africa’s inveterate and deleterious terms of (mal)integration within the global political economy—terms which continue to be characterised by external dominance and socially-damaging and extraverted forms of accumulation.”<sup>13</sup> This is why the Kenyan writer and investigative journalist, Parselelo Kantai, refers to the Africa Rising trope as an “insidious little fiction manufactured by global

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<sup>5</sup> Rotberg, R. (2013) *Africa Emerges* Cambridge: Polity Press; Clarke, D. (2012) *Africa’s Future: Darkness to Destiny: How the Past is Shaping Africa’s Economic Evolution* New York: Profile Books; Radelet, S. (2010) *Emerging Africa: How 17 Countries are Leading the Way* Washington DC: Center for Global Development.

<sup>6</sup> French, H. (2012) ‘The Next Asia Is Africa: Inside the Continent’s Rapid Economic Growth’, *Atlantic Monthly*, May 21, p. 13; Young, A. (2012) ‘The African Growth Miracle’, *Journal of Political Economy*, vol. 120, no. 4.

<sup>7</sup> *African Business*, January 2013: 16.

<sup>8</sup> *Economist*, March 2, 2013.

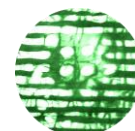
<sup>9</sup> Matean, D. (2012) *Africa: The Ultimate Frontier Market: A Guide to the Business and Investment Opportunities in Emerging Africa* Petersfield: Harriman House Publishing.

<sup>10</sup> See Robertson, C. (2012) *The Fastest Billion: The Story Behind Africa’s Economic Revolution* London: Renaissance Capital.

<sup>11</sup> Ernst and Young (2011) *It’s Time for Africa: Ernst & Young’s 2011 Africa Attractiveness Survey* London: Ernst and Young.

<sup>12</sup> Africa Progress Panel (2012) *Africa Progress Report 2012: Jobs, Justice and Equity: Seizing Opportunities in Times of Global Change* Geneva: Africa Progress Panel Foundation, p. 8.

<sup>13</sup> Bracking, S. and Harrison, G. (2003) ‘Africa, Imperialism and New Forms of Accumulation’, *Review of African Political Economy*, vol. 30, no. 95, p. 9.





corporate finance”,<sup>14</sup> whilst other sources note that “Much of the [Africa]-boosting, local and international, will serve [only] political and financial interests”.<sup>15</sup>

While the situation depends on national context, “as a result of their colonial legacy, the present-day economies of the African countries are characterised by a lop-sided dependence on the export of raw materials, and the import of manufactured goods.”<sup>16</sup> That this assessment was written nearly forty years ago, and that there has not been any radical departure from such a milieu for most countries, reflects the tragedy of much of Africa’s post-colonial trajectories. Here it is fruitful to note Shaw’s separation of structural and superficial features of Africa’s economies.<sup>17</sup> The superficial features can be identified in the GDP figures, industry, prices, debt levels and exchange *etc.* “The *structural* features are, however, less apparent and more profound: Africa’s changing place in the effective international division of labour.” There is no evidence thus far to suggest that Africa’s structural profile is improving, alerting us to the dangers of being dazzled by numbers, given that quantitative indices “do not point out qualitative sameness and differences.”<sup>18</sup>

African economies are integrated into the global economy in ways that are generally unfavourable to the continent and ensure structural dependence. The “geo-economy of [Africa] depends on two production systems that determine its structures and define its place in the global system: 1) the export of ‘tropical’ agricultural products: coffee, cocoa, cotton, peanuts, fruits, oil palm, *etc.*; and 2) hydrocarbons and minerals: copper, gold, rare metals, diamonds, *etc.*”<sup>19</sup> This has not radically changed since independence and is overlooked in the Africa Rising excitement.

### **“Africa Rising”**

Currently a great deal of noise is circulating that Africa’s time has come and that the continent is embarking on a radically different (and better) stage in its history. This has been connected by many to the growing interest in Africa’s emerging economies. GDP growth has been the central focus of such commentaries, and talk of the “the hopeless continent,” as *The*

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<sup>14</sup> Quoted in Rickett, O. (2013) ‘Is This the Century of Africa’s Rise?’, January 22, [www.vice.com](http://www.vice.com)

<sup>15</sup> *Africa Confidential* (2014) ‘Making the Best of the Boom’, vol. 55, no. 2.

<sup>16</sup> Harris, D. (1975) ‘The Political Economy of Africa: Underdevelopment or Revolution’ in Harris, D. (ed.) *The Political Economy of Africa* New York: Schenkman, p. 12.

<sup>17</sup> Shaw, T. (1985) *Towards a Political Economy for Africa: The Dialectics of Dependence* London: Macmillan, p. 63.

<sup>18</sup> Szentes, T. (1971) *The Political Economy of Underdevelopment* Budapest: Akadémiai Kiadó, p. 25.

<sup>19</sup> Amin, S. (2010) ‘The Battlefields Chosen by Contemporary Imperialism: Conditions for an Effective Response from the South’, *Kasarinlan: Philippine Journal of Third World Studies*, vol 25, no 1-2, p. 30.







*Economist* called Africa in 2000, has been spectacularly dropped in various circles. Now, it is “a hopeful continent.”<sup>20</sup> The mood swing about Africa is “due, directly or indirectly, to the increasing global demand for the continent’s resources: notably for oil, but also for gas, minerals, and other energy sources. This was driven, above all, by the sudden appearance of China as a world economic actor, whose dramatic burst of late industrialisation fuelled a global upswing.”<sup>21</sup> This has been missed by the Africa Rising mantra, which prefers to construct endogenous factors as drivers. Yet as Patrick Bond notes:

Ongoing resource extraction by Western firms was joined, and in some cases overtaken, by China [and others]... Still, Africa’s subordinate position did not change, and aside from greater amounts of overseas development aid flowing into fewer than 15 “fragile states”, the North-South flows were not to Africans’ advantage. One would not know this from reading reports by the elite multilateral institutions in 2011, which celebrated the continent’s national economies as among the world’s leading cases of post-meltdown economic recovery.<sup>22</sup>

The flip-flop regarding the continent has, to a certain extent, refuted the familiar media images of flyblown children that so dominates much discussion of Africa. This *is* a good thing. Yet the narrative has swung almost entirely in the opposite direction, with little critical reflection. Growths in GDP and opportunities for investors are the new intonations in a crude binary construction of Africa that has shifted almost overnight from basket case to bonanza.

The Africa Rising discourse neglects a most fundamental context: “only for nine of the forty three [Sub-Saharan] countries were growth rates during 1980–2008 high enough to double per capita income in less than thirty years, and only sixteen in less than one hundred years. Performance would have been considerably worse had it not been for the brief years of relatively rapid growth in the mid-2000s.”<sup>23</sup> Africa needs to grow at least seven percent a year for the next twenty or thirty years if any serious reduction of continental poverty is to be realised. However, growth induced by commodity price increases, new discoveries of natural resources, or an increase in sources of foreign capital “is simply not sustainable.”<sup>24</sup>

What GDP growth that has occurred is overwhelmingly characterised by the deployment and inflow of capital-intensive investment for the extraction and exportation of natural resources. There is a conspicuous lack of value added on the African side. “The principal focus of this

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<sup>20</sup> *Economist*, March 2, 2013.

<sup>21</sup> Ibid.

<sup>22</sup> Bond, P. (2011) ‘Africa’s “Recovery”: Economic Growth, Governance and Social Protest’, *Africa Insight*, vol. 41, no. 3, p. 31.

<sup>23</sup> Weeks, J. (2010) ‘A Study for Trade and Development Report 2010: Employment, Productivity and Growth in Africa South of the Sahara’, unpublished paper, Centre for Development Policy and Research, School of Oriental and African Studies, University of London, p. 3.

<sup>24</sup> Amoako, K. (2011) ‘Transforming Africa: Start Now, We Can’t Wait’, *African Business*, July, p. 24.



activity is in oil, which not only offers limited opportunities for local employment, but also deliberately and actively seeks to avoid the hiring of African labour for fear of encountering resistance and the costs of appeasing affected local communities.”<sup>25</sup> Problematically, “while the hope of the development literature has been that higher rates of inflow of capital investment will have downstream effects on African employment (through increased government revenues and spending alongside an injection of consumer wealth into local economies), there is little evidence that this will take place on a substantial scale. The fundamental reason for this is that the [growth] rests heavily on the engagements of foreign governments and corporations with African elites.”<sup>26</sup> In *most* neopatrimonial administrations, of which Africa has many, sustainable and broad-based development is unlikely to occur.<sup>27</sup>

In late 2012 the Deputy Executive Secretary of the Economic Commission for Africa noted that the relatively good economic growth performance over the past decade had been driven mostly by non-renewable natural resources and high commodity prices. Alongside this, he noted, deindustrialization had been a key feature, with the share of manufacturing in Africa’s GDP falling from 15 percent in 1990 to 10 percent in 2008, going hand-in-hand with an increase in unemployment.<sup>28</sup> In fact, since 1990, Africa has experienced a relative shift in the composition of employment toward sectors that create too few high productivity jobs. Manufacturing growth has been near the bottom in 12 growth sectors—only public administration lagged behind.<sup>29</sup>

This of course is not to write off the recent growth as devoid of any value at all. At a minimum, improved fiscal space is being generated. Retail sectors are growing, with revenue increasing by around four percent per year, and there is growing investment in infrastructure.<sup>30</sup> Given that there is a correlation “between infrastructure and export diversification, and the current low levels and distorted composition of exports from SSA [sub-Saharan Africa] are partly due to poor trade infrastructure,” it can be stated that the improvement in infrastructure “has *per se* a positive impact on SSA growth and trade

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<sup>25</sup> Southall, R. (2008) ‘The “New Scramble” and Labour in Africa’, *Labour, Capital and Society*, vol. 41, no. 2, p. 148.

<sup>26</sup> Ibid, p. 149.

<sup>27</sup> Cf. Kelsall, T. (2013) *Business, Politics, and the State in Africa: Challenging the Orthodoxies on Growth and Transformation* London: Zed Books.

<sup>28</sup> *Addis Tribune*, December 8, 2012.

<sup>29</sup> McMillan, M. and Rodrik, D. (2011) *Globalization, Structural Change and Productivity Growth* NBER Working Paper, no. 17143, June.

<sup>30</sup> McKinsey Global Institute (2010) *Lions on the Move: The Progress and Potential of African Economies* London: McKinsey and Company.



capacity.”<sup>31</sup> Africa’s debts have fallen, partly thanks to the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI), and partly due to improved management (although note that “in spite of the HIPC initiative, only half of SSA countries have witnessed a temporary reduction of their annual debt service”).<sup>32</sup> In social sectors, performance is varied but increases in the years of schooling are reported across the continent, albeit unevenly. Health outcomes, particularly life expectancy at birth, have also generally improved in some countries substantially. These are all obviously to be welcomed.

However, it is a contention of this paper that there is a desperate need to convert natural resources and high commodity prices into structural change, “defined as an increase in the share of industry or services in the economy, or as the diversification and sophistication of exports ... or as the shift of workers from sectors with low labour productivity to those with high labour productivity.”<sup>33</sup> This is not happening. Instead, with the arrival of emerging economies in Africa alongside traditional trade associates, the historical process of underdevelopment is in danger of being further entrenched. There has been a huge rise in commodity prices and this has contributed in a big way to Africa Rising, if taken as an increase in GDP per capita, but the benefit to African economies in terms of providing a sustained platform for development is far more muted.

### *Growth in question*

Before progressing, it is worth discussing the accuracy of Africa’s statistics.<sup>34</sup> Shanta Devarajan, Chief Economist for the Africa Region of the World Bank, has noted Africa’s “statistical tragedy,” where published figures are suspect.<sup>35</sup> In fact, only half of the African countries, containing 68 percent of Africa’s total population, use the 1993 UN System of National Accounts. Others, meanwhile, use older less-reliable systems, some of which date back to the 1960s. This means that “in presenting GDP per capita for many African countries, we cannot be sure of either the numerator or the denominator.”<sup>36</sup> Indeed, “basic underlying

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<sup>31</sup> Sindzingre, A. (2013) ‘The Ambivalent Impact of Commodities: Structural Change or Status Quo in Sub-Saharan Africa?’, *South African Journal of International Affairs*, vol. 20, no. 1, p. 44.

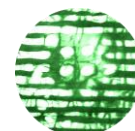
<sup>32</sup> Petithomme, M. (2013) ‘Much Ado About Nothing? The Limited Effects of Structural Adjustment Programmes and the Highly Indebted Poor Countries Initiative on the Reduction of External Debts in Sub-Saharan Africa: An Empirical Analysis’, *African Journal of Political Science and International Relations*, vol. 7, no. 2, p. 119.

<sup>33</sup> Sindzingre, op. cit., p. 26.

<sup>34</sup> See Jerven, M. (2013) *Poor Numbers: How We are Misled by African Development Statistics and What to Do About It* Ithaca, NY: Cornell University Press.

<sup>35</sup> Devarajan, S. (2013) ‘Africa’s Statistical Tragedy’, *Review of Income and Wealth*, vol. 59, p. 1.

<sup>36</sup> Ibid, p. 3.



data to construct national accounts are often missing or estimated, weights are outdated, and price information is missing or subject to poor quality.” Consequently, “there are serious questions about the reliability of GDP estimates.”<sup>37</sup>

In a detailed cross-national study of data between 1965 and 1995, it was concluded that “the study of accuracy in growth reporting for these countries shows that trusting any source at face value is unwise. In terms of a growth rate of any given year the data can indeed be described as random.”<sup>38</sup> As was noted in an earlier time, “it is not possible to make intelligent use of the published statistics without knowing the estimation procedures used and the assumptions on which they are based.”<sup>39</sup> Jerven scathingly adds that “it follows literally that since such care has not been taken, most academic work on economic growth in Africa has been unintelligent.”<sup>40</sup> Does this summarize much of the Africa Rising narrative?

“[G]rowth is a quantitative process, involving principally the extension of an already established structure of production, whereas development suggests qualitative changes, the creation of new economic and non-economic structure.”<sup>41</sup> Pertinent to the notion of an Africa Rising are the words of Samir Amin:

Emergence is not measured by a rising rate of GDP growth (or exports)...nor the fact that the society in question has obtained a higher level of GDP per capita, as defined by the World Bank, aid institutions controlled by Western powers, and conventional economists. Emergence involves much more: a sustained growth in industrial production in the state [or region] in question and a strengthening of the capacity of these industries to be competitive on a global scale.<sup>42</sup>

This insight is mostly missed in the dominant narratives around Africa Rising.

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<sup>37</sup> Harttgen, K., Klasen, S. and Vollmer, S. (2013) ‘An African Growth Miracle? Or: What do Asset Indices Tell us about Trends in Economic Performance?’, *Review of Income and Wealth*, vol. 59, p. 2.

<sup>38</sup> Jerven, M. (2010a) ‘Random Growth in Africa? Lessons from an Evaluation of the Growth Evidence on Botswana, Kenya, Tanzania and Zambia, 1965–1995’, *Journal of Development Studies*, vol. 46, no. 2, p. 291.

<sup>39</sup> Blades, D. (1975) *Non-Monetary (Subsistence) Activities in the National Accounts of Developing Countries* Paris: OECD, p. 8.

<sup>40</sup> Jerven, M. (2010a) ‘Random Growth in Africa? Lessons from an Evaluation of the Growth Evidence on Botswana, Kenya, Tanzania and Zambia, 1965–1995’, *Journal of Development Studies*, vol. 46, no. 2, p. 292.

<sup>41</sup> Dowd, D. (1967) ‘Some Issues of Economic Development and of Development Economics’, *Journal of Economic Issues*, vol. 1, no. 3, p. 153.

<sup>42</sup> Amin, S. (2014) *Samir Amin: Pioneer of the Rise of the South* Heidelberg: Springer, p. 139.







### *Again, this time louder*

We have heard noise about Africa's imminent renaissance before on multiple occasions. It is ironic that *Time* magazine's late 2012 edition celebrated "Africa Rising," given that 14 years earlier (30 March 1998, to be precise), *Time* ran a story with the *exact* same title. Then, we were told that "Hope is Africa's rarest commodity. Yet buried though it is amid the despair that haunts the continent, there is more optimism today than in decades." Fast forward 14 years and we are again on the cusp of better times. In fact, such tropes regarding Africa have a long history, as William Easterly notes, citing passages from various World Bank reports:

From a 1981 World Bank report, *Accelerated Development in Sub-Saharan Africa* (p. 133): 'Policy action and foreign assistance...will surely work together to build a continent that shows real gains in both development and income in the near future'. From a 1984 World Bank report, *Toward Sustained Development in Sub-Saharan Africa* (p. 2): 'This optimism can be justified by recent experience in Africa...some countries are introducing policy and institutional reforms'. From a 1986 World Bank report, *Financing Growth with Adjustment in Sub-Saharan Africa* (p. 15): 'Progress is clearly under way. Especially in the past two years, more countries have started to act, and the changes they are making go deeper than before'. From a 1989 World Bank report, *Sub-Saharan Africa: From Crisis to Sustainable Growth* (p. 35): 'Since the mid-1980s Africa has seen important changes in policies and in economic performance'. From a 1994 World Bank report, *Adjustment in Africa* (p. 3): 'African countries have made great strides in improving policies and restoring growth'. From a 2000 World Bank report, *Can Africa Claim the 21st Century?:* 'Since the mid-1990s, there have been signs that better economic management has started to pay off'. From a 2002 World Bank press release on *African Development Indicators*, 'Africa's leaders...have recognised the need to improve their policies, spelled out in the New Partnership for African Development'.<sup>43</sup>

In 2008 Africa was at a "Turning Point," restated in 2011 with the assertion that the continent was "on the brink of ... economic take-off, much like China was 30 years ago."<sup>44</sup>

### *A new Africa?*

Conversely, until recently in the media Africa was depicted as the "hopeless continent," a spatial entity supposedly in "the limbo of the international system, existing only at the outer

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<sup>43</sup> Easterly, W. (2003) 'Can Foreign Aid Buy Growth?', *Journal of Economic Perspectives*, vol. 17, no. 3, pp. 35-36.

<sup>44</sup> World Bank (2008) *Africa at a Turning Point?: Growth, Aid, and External Shocks* Washington DC: World Bank; World Bank (2011) *Africa's Future and the World Bank's Support to It* Washington DC: World Bank.00



limits of the planet which we inhabit.”<sup>45</sup> Much of this analysis was centred on the (admittedly appalling) levels of governance across the continent. However, as part of the Africa Rising narrative, such concerns have been quietly shelved. We are now told confidently that “the Africa-pessimists have got it wrong” (perhaps referring to *The Economist* a few years ago) as “the engines of development are still going strong. Democratic governance, political participation and economic management look set to improve further.”<sup>46</sup>

Some proponents of the Africa Rising trope have argued that improved governance and modes of doing business have facilitated the upsurge in African GDP. In a detailed study, Scott Taylor argued that a “hospitable climate for business” has been spurred by institutional change and political and economic reform.<sup>47</sup> This is one of the central arguments around which much of the newfound optimism about Africa has been built. For instance, the *Oxford Companion to the Economics of Africa* claims that “improved macroeconomic frameworks and political governance in a majority of countries were key drivers for the improved economic performance.”<sup>48</sup>

As a part of these dynamics, there are claims that huge improvements in governance across Africa have occurred. Emblematically, Yvonne Mhango of Renaissance Capital confidently claims that “governments [in Africa] have got policy spectacularly right and created the low-debt, low-inflation, much-improved macro conditions that have enabled growth to take off.”<sup>49</sup> It is not just asset managers spinning this story; recently, Ellen Johnson Sirleaf, President of Liberia, stated that “In ten years [a] rapidly transforming Africa will move into the industrial age.”<sup>50</sup> However, “the empirical evidence on growth and policy related indicators is consistent with the null hypothesis that more than twenty years of so-called policy reform had limited impact on strengthening the potential for rapid and sustainable growth in the sub-Saharan region. The drivers of the brief recovery during the second half of the 2000s appear to have been a commodity price boom, debt relief and a decline in domestic conflicts.”<sup>51</sup> World Bank figures with regard to the annual percentage growth rate of GDP at market prices, based on

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<sup>45</sup> *Economist*, May 13th, 2000; Bayart, J-F. (2000) ‘Africa in the World: A History of Extraversion’, *African Affairs*, 99, pp. 217.

<sup>46</sup> *Economist*, March 2, 2013.

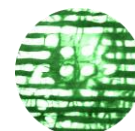
<sup>47</sup> Taylor, S. (2012) *Globalization and the Cultures of Business in Africa: From Patrimonialism to Profit* Bloomington, IN: Indiana University Press.

<sup>48</sup> Aryeety, E., Devarajan, S., Kanbur, R. and Kasekunde, L. (2012) ‘Overview’ in Aryeety, E., Devarajan, S., Kanbur, R. and Kasekunde, L.(eds.) *Oxford Companion to the Economics of Africa* Oxford: Oxford University Press.

<sup>49</sup> Cited in *African Business*, January 2013, p. 18.

<sup>50</sup> *New African*, May 2013: 41.

<sup>51</sup> Weeks, J. (2010) ‘A Study for Trade and Development Report 2010: Employment, Productivity and Growth in Africa South of the Sahara’, unpublished paper, Centre for Development Policy and Research, School of Oriental and African Studies, University of London, p. 10.



constant local currency (for all income levels, rounded up), compared to the movement of the Commodity Price Index reveals this intimate link:

***Correlation Between GDP growth for SSA and the Commodity Price Index (CPI)***

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>GDP growth</b>	1.3	0.9	-0.9	0.4	1.8	3.7	4.9	3.7	2.3	2.4	3.7
<b>CPI</b>			52.6	52.5	50.06	58.6	58.7	64.6	51.0	43.3	59.4

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GDP growth</b>	3.7	3.5	4.4	6.4	5.8	6.1	6.9	5.0	1.9	4.9	4.5	4.2
<b>CPI</b>	61.9	50.1	66.3	69.1	86.7	113.1	112.9	162.4	102.4	146.1	182.1	188.4

**Sources:** World Bank, IMF data.

The years when SSA's growth figures surpassed 1996 levels (2004–2008) can be demonstrably linked to the period when emerging economies began to hugely demand commodities, as reflected in the CPI. In the energy realm, concern over predicted declines in petroleum reserves, apprehensions over the so-called “peak oil” scenario, instability in the Middle East and oil price speculation placed further upward pressure on prices, peaking in 2008. This reality is qualitatively different from the picture of Africa Rising, where “spectacularly right” policies have driven growth. Official reports from international organizations have at times bolstered this latter interpretation, postulating Africa's “economic resurgence” as being hinged on the ability of the continent to recover from the global crisis relatively quicker than other areas of the world.<sup>52</sup> Whilst true in and of itself, Africa's growth

<sup>52</sup> World Economic Forum, the World Bank and the African Development Bank (2011) *The Africa Competitiveness Report 2011* Geneva: World Economic Forum, p. v.





record over the last ten years or so has occurred within the context of *overall* global growth. In this regard, Africa's growth has only been around one percent higher than the world average: credible, but not fantastic.<sup>53</sup>

Despite the celebration of improved governance across the continent and the attempts to link this to Africa's recent growth spurt, there is little evidence that overall the quality of Africa's democracies are improving or that governance is dramatically on the up-and-up across the continent. The composite Mo Ibrahim Index of African Governance had a continental average of 47/100 in 2000—by 2013 it had increased to 51.6/100—hardly seismic. In fact, less than half (43 percent) of people living in Africa live in a country which has shown overall governance improvement since 2010.<sup>54</sup>

This makes nonsense of strident claims that “What took the UK centuries can now be a matter of decades, even years ... Today Africa has the greatest room to boom on the back of two centuries of global progress ... In other words, Africa is ideally poised to leapfrog centuries of industrial development ... It has an added advantage in that it does not have to carry baggage from the past”.<sup>55</sup> Thus (yet another) commodity-driven boom in Africa, this time in part propelled by emerging economies, wipes the historical slate clean, makes dependent relationships and unequal terms of trade vanish instantaneously, and positions the continent to reach OECD status virtually overnight!

### *New partners*

Until the turn of the century, it would be fair to say that many African economies were dependent on the Northern-based international financial institutions and donors for establishing key ideas and approaches to their development models *and* for access to capital and policy advice. This has now changed somewhat. The emerging economies' rise in material capabilities and their incorporation into the key global governance architecture has given rise to the notion that Africa's international relations are in a process of change, perhaps away from the North and towards the South, with attendant debates over the possibility of alternative models of development. Certainly, the potential ability to access different methodologies and new ideas concerning developmental thinking could possibly lessen Africa's dependence on the West and their conditionalities.<sup>56</sup> Whilst such conditionalities can be seen as reflecting neocolonial impulses—and the policy advice has been rigidly doctrinaire in its application of neoliberal prescriptions—it is uncertain that shifting to *no* conditions is

<sup>53</sup> African Development Bank (2012) *African Economic Outlook 2012* Paris: OECD Publishing.

<sup>54</sup> Mo Ibrahim Foundation (2013) *2013 Ibrahim Index of African Governance: Data Report* London: Mo Ibrahim Foundation, p. 24.

<sup>55</sup> *African Business*, January, 2013, p. 19.

<sup>56</sup> Cargill, T. (2011) *Our Common Strategic Interests: Africa's Role in the Post-G-8 World* London: Royal Institute of International Affairs, p. vii.





better, given the governance modalities of many African states. Equally, the environmental and social models upon which the emerging economies base their rise—intensified labour and environmental exploitation and a free reign to capital—is hardly a superior alternative.

As Africa is routinely ranked the most corrupt region of the world, a hands-off approach by the emerging economies over matters related to governance is not helpful. Furthermore, a set of new relationships based on the intensification of natural resource extraction will be equally problematic. One of the key lessons for Africa from the financial crisis was that those countries that were more diversified generally tended to be more resilient than those that were highly dependent on a few primary commodities.<sup>57</sup> Re-inscribing African dependence on commodities thus hardly offers any novel framework for a new set of international relations for Africa.

Of course, not all emerging economies in Africa revolve around commodities: that would be a crude caricature. But commodities certainly dominate Africa's trade with the BRICS countries—Brazil, Russia, India, China, and South Africa:

***Key product composition of BRICS imports from Africa (% share, 2010)***<sup>58</sup>

	Brazil	Russia	India	China	South Africa
<i>Mineral fuels, oil, etc.</i>	85		71	65	76
<i>Ores, slag, ash</i>		3	2	14	
<i>Precious stones, metals</i>	1		13	4	6
<i>Copper</i>				6	3
<i>Fertilisers</i>	5		1		
<i>Edible Fruit and Nuts</i>		29	2		
<i>Cocoa</i>		16			
<i>Tobacco</i>		9			
<i>Inorganic Chemicals</i>	1	8	4	1	

<sup>57</sup> Mutenyo, J. (2011) 'Driving Africa's Growth Through Expanding Exports', in *Foresight Africa: The Continent's Greatest Challenges and Opportunities for 2011* New York: Brookings, p. 29.

<sup>58</sup> Fundira, T. (2012b) *Trade at a Glance: The BRICS and Japan's Engagement with Africa* Stellenbosch: TRALAC, pp. 11, 18, 24, 31, 38.





Such a situation further reinforces and helps underpin the overall structure of Africa's insertion into the global economy. The BRICS certainly did not create this milieu, but their current trade profile with the continent promotes the reification of existing and ongoing developments.

This brings us to the question as to whether emerging economies' increasing engagement with Africa is exploitive or benign. This question can only be answered in a contextual manner, dependent upon which actors from which emerging economy and in which sector of which country in Africa is being discussed. But it is important to remember that actors such as the BRICS have increased engagement with Africa as a means to achieve their own economic and political goals and that, overall, Africa remains the weaker partner. This weakness is usually ascribed to the continent's dependent relationship in the international system and Africa's historic insertion into the global capitalist economy. However, dependence is "a historical process, a matrix of action," that permits the prospect of alteration stemming from changes in the dynamics, processes and organisation of the international system and the fundamental tendencies within Africa's political economy.<sup>59</sup> Current emergent trends, such as robust economic growth and an increasing diversification of the continent's international relations may play important roles in this regard, yet massive challenges remain. Africa's world market share in processing industries is extraordinarily low: SSA exports just 0.9 and 0.3 percent of world light and heavy manufacturing exports, respectively.<sup>60</sup> As is now evident, the bulk of the growth in African exports in the last decade or more has been heavily underpinned by mining-related commodities, which are deeply problematic in terms of development. After all, the export growth that Asian economies used to leapfrog development was based on an increasing list of manufactures. Africa is nowhere near that position.

Yet it is true that actors from both the global North and South are now actively pursuing closer engagement with Africa. This provides the elites of the continent opportunities to extract leverage in return for access. This may or may not be a good thing, depending on the conjectural circumstances in each state formation and the nature of the external partners. It cannot be taken for granted that actors from the emerging economies are genuinely interested in furthering Africa's developmental priorities. Though Africa has possibly never been in a stronger bargaining position than at present, the key question remains: how can African leaders take advantage for the benefit of the ordinary citizen? Currently, there does not seem to be much optimism within Africa that this will happen: a recent Afrobarometer survey revealed that despite a decade of strong GDP growth and the Africa Rising narrative, there is

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<sup>59</sup> Bayart, J-F. (2000) 'Africa in the World: A History of Extraversion', *African Affairs*, 99, p. 234.

<sup>60</sup> World Economic Forum, the World Bank and the African Development Bank (2011) *The Africa Competitiveness Report 2011* Geneva: World Economic Forum, p. 15.



“a wide gap in perceptions between ordinary Africans and the global economic community,” where 53 percent “rate the current condition of their national economy as ‘fairly’ or ‘very bad’” and only 31 percent think that “the condition of their national economies has improved in the past year,” in comparison to 38 percent who claim conditions have declined. Notably, when it came to their own elites, “Africans give their governments failing marks for economic management,” with 56 percent claiming their leaders are doing “fairly” or “very badly.” Likewise, 69 percent do not believe their governments are improving the living standards of the poor, 71 percent do not feel that the governments are creating enough jobs, and 76 percent disapprove of their leaders’ performance narrowing income gaps.<sup>61</sup> As has been noted, “popular opinion is thus increasingly out of sync with the ‘Africa Rising’ narrative that has been gaining traction among government officials and international investors.”<sup>62</sup>

### *The natural resource corner*

Commodity dependence is typically measured by the share of export earnings of the top single commodity (or top three export commodities) in GDP, total merchandise exports, and total agriculture exports. The percentage of people occupied in commodity production or the share in government revenue accruing from commodities are also important measurements.<sup>63</sup> From 1995 to 2009, trends in the share of primary commodities in total exports, which coincide with increasing Africa Rising claims, demonstrate “that despite a contraction between 1995 and 2000, the share of primary commodities in total exports rose rapidly between 2000 and 2009.”<sup>64</sup> This development had particular implications for the African continent: “The share of primary commodities in exports increased across all regions of the developing world ... Africa—the region most dependent on primary commodity exports throughout the period—became even more commodity-dependent (the share of primary commodity exports was 72 per cent in 1995 and rose to 81 per cent by 2009).”<sup>65</sup> Put another way, “dependence on external markets, as measured by the export-to-gross domestic product (GDP) ratio ... doubled from 26 per cent in 1995 to 51 per cent in 2007.”<sup>66</sup> This super cycle was largely—though not exclusively—driven by growth and industrial demand within the emerging economies. As has been shown, economic relationships with the BRICS

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<sup>61</sup> *AfricaFocus Bulletin* (2013) ‘Africa: Whose “Africa Rising”?’, October 18, 2013.

<sup>62</sup> Hofmeyr, J. (2013) “‘Africa Rising’? Popular Dissatisfaction with Economic Management Despite a Decade of Growth’, *Afrobarometer Policy Brief*, no. 2, October, p. 1.

<sup>63</sup> South Centre (2005) *Problems and Policy-related Challenges Faced by Commodity-Dependent Developing Countries* Geneva: South Centre.

<sup>64</sup> UNDP (2011) *Towards Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty* New York: UNDP, p. 60.

<sup>65</sup> Ibid.

<sup>66</sup> Dembele, D. (2012) ‘Africa’s Developmental Impasse: Some Perspectives and Recommendations’, *Africa Development*, vol. 37, no. 4, p. 183.



(particularly China) and rising commodity prices were the main drivers behind the recent economic improvements in SSA, adding nearly 2.5 percentage points to the growth of the typical African economy by the mid-2000s.<sup>67</sup>

Using United Nations Conference on Trade and Declarations (UNCTAD) secretariat calculations, themselves based on UNCTAD's *UNCTAD Stat*, a diversification index can be calculated. The index ranges from 0 to 1 and shows the extent of the differences between the structure of trade of a country or country group and the world mean. In other words, are countries or groups of countries more or less diversified than the world average? The figures demonstrate that Africa continues to be much less diversified than the rest of the world.<sup>68</sup> Indeed, exports from Africa have become even more concentrated, with an increase in the aggregate concentration ratio from 0.35 in 2000 to 0.48 in 2008.<sup>69</sup>

"African economies exhibit very low level of diversification. By all measures and accounts, there has been limited diversification of exports by the African economies. Over the last 25 years or so, there has been very little change towards improved diversification in the African economies in general."<sup>70</sup> What diversification that has occurred has been volatile. This is extremely problematic given that African economies have become more concentrated, whilst according to the UNECA, "The diversification of African economies is one way through which the recent economic growth achievements could be sustained ... diversification is a *prerequisite* to achieving positive development in the continent."<sup>71</sup>

As the above diversification index shows, what has happened is that Africa has more or less remained undiversified in its exports, remaining dependent on primary commodities. In some respects, this is history repeating itself, with commodity booms being initially held by some to be positive for Africa. Note that in 1974, off of the back of the then-latest commodity boom, it was asserted that "trade prospects for the developing world [were] considerably better in 1973

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<sup>67</sup> Collier, P. (2007) 'Managing Commodity Booms: Lessons of International Experience', Oxford University, Centre for the Study of African economies, Department of Economics, paper prepared for the African Economic Research Consortium.

<sup>68</sup> UNCTAD (2013) *UNCTAD Stat*, <http://unctadstat.unctad.org>

<sup>69</sup> Ancharaz, V. (2011) 'Trade, Jobs and Growth in Africa: An Empirical Investigation of the Export-led Jobless Growth Hypothesis', paper presented at the ICITE 3<sup>rd</sup> Regional Conference on "Trade, Jobs and Inclusive Development", Gammarth, Tunisia, September 22.

<sup>70</sup> Ben Hammouda, H., Karingi, S., Njuguna, A. and Jallab, M. (no date) 'Africa's (Mis)-fortunes in Global Trade and the Continent's Diversification Regimes', mimeo, p. 11.

<sup>71</sup> UNECA (2007) *Economic Report on Africa 2007: Accelerating Africa's Development through Diversification* Addis Ababa: United Nations Economic Commission for Africa, p. 115, emphasis added.





than they were in 1951 or even in 1960.”<sup>72</sup> We all know what actually happened. Indeed, “several countries [in Africa] have the dubious distinction of having been among the fastest growers in one decade, then the slowest in another. For example, half the fastest ten growers in the 1960s were among the slowest in at least one of the subsequent decades.”<sup>73</sup>

Half of the countries in Africa derive over 80 percent of their merchandise export income from commodities. In Middle and West Africa, the ratio of commodity exports to total merchandise exports was an astonishing 98 percent and 93 percent, respectively. As a whole, the latest available figures (2009–2010) reveal that Africa’s export profile in terms of commodities is made up of fuels (69 percent), minerals ores and metals (16 percent), and agricultural products (7 percent).<sup>74</sup> The total share of fuels and mining products in Africa’s total merchandise exports increased from 48.4 percent in 2003 to 70.6 percent in 2008. Although in 2011 it was down to 64 percent, what this shows is that the upsurge of interest in Africa by the emerging economies has coincided with—and possibly exacerbated—the continent’s increased dependency on primary products, particularly mineral products.<sup>75</sup> As the United Nations Economic Commission for Africa notes, “The growth spurt of the first decade of the twenty-first century ... was driven largely by primary production and exports.” Problematically, although Africa seems to have fared better than some regions since the recent global crisis, “the risk of similar events reversing its modest gains calls into question the sustainability and reliability of a strategy based on exports of primary commodities” (a strategy embedded in Structural Adjustment Policies and continued neoliberal development policies of the Poverty Reduction Strategy Papers).<sup>76</sup>

Resource-based commodities form the bulk of African exports. Whilst this has certainly led to an increase in income for some African countries (or their elites), “By diverting resources from non-raw material sectors and contributing to real exchange-rate appreciation, a price boom runs the risk of locking developing country commodity exporters into what Edward Leamer called the “raw-material corner,” with little room for industrial progress or skill development”<sup>77</sup> Leamer’s corner came from his illustration of both relative factor endowments

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<sup>72</sup> Hone, A. (1974) ‘The Primary Commodities Boom’, *New Left Review*, vol. I, no. 81, p. 3.

<sup>73</sup> Weeks, J. (2010) ‘A Study for Trade and Development Report 2010: Employment, Productivity and Growth in Africa South of the Sahara’, unpublished paper, Centre for Development Policy and Research, School of Oriental and African Studies, University of London, p. 3.

<sup>74</sup> UNCTAD (2012a) *The State of Commodity Dependence 2012* Geneva: United Nations Conference on Trade and Development, p. 21.

<sup>75</sup> WTO (2012) *International Trade Statistics 2012* Washington DC: World Trade Organization, p. 51.

<sup>76</sup> UNECA (2012a) *Assessing Regional Integration in Africa V: Towards an African Continental Free Trade Area* Addis Ababa: United Nations Economic Commission for Africa, p. 66.

<sup>77</sup> Leamer, E. (1987) ‘Paths of Development in the Three-Factor, *n*-Good General Equilibrium Model’, *Journal of Political Economy*, vol. 95.



and relative factor intensities with three factors and any number of goods. Given that Africa's factor endowments are concentrated in commodities and the export profile and sector concentration are the same, the raw material corner has been the continent's broad fate:

During colonisation and the period immediately after, the structure of external trade of African countries were mainly determined by the needs of the colonial masters. African countries mainly exported natural resources such as timber and minerals and imported manufactured goods. About six decades later, this structure of trade has not been significantly altered. Invariably, African countries have continually and consistently not managed to diversify trade into manufactured products.<sup>78</sup>

The result has been what Issa Shivji terms “structural disarticulation,” where Africa exhibits a “disarticulation between the structure of production and the structure of consumption. What is produced is not consumed and what is consumed is not produced.”<sup>79</sup>

While low commodity prices foster palpable problems, even high commodity prices can generate major difficulties and fashion a trap of sorts, obliging countries and producers to decide between immediate profits (highly attractive for unstable and predatory regimes) and future long-term sustainability. For instance, both Algeria and Nigeria “have fallen prey to over optimistic spending habits during commodity booms, using current and expected profits to finance social and/or politically motivated projects. Such programmes can quickly become unsustainable when commodity prices drop, but are typically very tricky for politicians to cut, and so tend to get funded out of borrowed money, adding to a country's debt burden.”<sup>80</sup>

There is no doubt that the exponential growth of the emerging economies has helped stimulate the global commodity booms of the past decade.<sup>81</sup> This is important given that labor-intensive agricultural and manufactured goods do not feature significantly in the exports of African countries to these economies. This dependence is a double-edged sword. Countries with the highest economic integration with the BRICS generally managed to sustain growth during the global downturn, compared to a contraction observed in countries with the fewest ties. Interestingly, the risk analysis company Maplecroft released in 2011 its *Emerging Powers Integration Index Series*, assessing the economic integration of 180 countries with each of the

<sup>78</sup> Afari-Gyan, N. (2010) ‘Transforming Africa's Structure and Composition of Trade after the Global Economic Crisis’, *Global Trade Alert*, no. 5, May, p. 63.

<sup>79</sup> Shivji, I. (2009) *Accumulation in an African Periphery: A Theoretical Framework* Dar es Salaam: Mkuki na Nyota Publishers, p. 59.

<sup>80</sup> Brown, O., Crawford, A. and Gibson, J. (2008) *Boom or Bust: How Commodity Price Volatility Impedes Poverty Reduction, and What to Do About it* Regina: International Institute for Sustainable Development.

<sup>81</sup> Wang, J. (2007) *What Drives China's Growing Role in Africa?* IMF Working Paper 07/211 Washington: International Monetary Fund.





BRICS.<sup>82</sup> According to Maplecroft, the countries most integrated with the BRICS are resource-rich developing economies, which provide the raw materials to fuel economic growth back in the BRICS domestic economies. Of these, many are located in Africa. Zimbabwe was ranked joint first, Liberia fifth, Guinea-Bissau sixth, Zambia seventh, Democratic Republic of the Congo tenth, Mozambique twelfth, Mauritania fifteenth, Congo eighteenth, and Sudan twentieth. Whilst the data showed which countries stood to gain the most from the economic rise of the BRICS, it also revealed just how exposed some countries were to economic contagion should this growth weaken. As Alyson Warhurst, CEO of Maplecroft noted, “should growth in the BRICS economies falter or lead to internal unrest and repression, we could see contagion spread to those countries that are most highly integrated with the emerging powers.”<sup>83</sup> Clearly,

[T]he positive effect of the world business cycle suggests that the economic performance of African countries is sensitive to world markets. Specifically, this result provides strong support for the hypothesis of the dependence of African countries’ economic growth on the economic growth of industrialised nations. This implies that a relatively high degree of integration of African countries with the world economy carries some benefits in as far as the industrialised countries continue to grow. However, should industrialised countries suffer economic setbacks, this could have adverse impacts on the African economies.<sup>84</sup>

Exports from Africa to both traditional and non-traditional trading partners exhibit a very clear and continuous pattern in terms of commodity structure, which is consistent with Africa’s Ricardian advantage in commodity production, with extractive commodities dominating. In short, such processes are simply the diversification of dependency, with Africa being further trapped into low value-added production structures. This is hardly congruent with the idea of Africa Rising.

### *Growth for growth’s sake*

There are few current signs of social transformation in Africa and in fact there have been signs of *de-industrialisation*. The growth and governance models being pursued in Africa are based on facilitating market-based actors’ profit-making and capital accumulation, but generally ignore conditions that enhance production. The existing growth model is instead based on a simplistic raising of national GDPs.<sup>85</sup> Governments “focus their attention heavily on the main tables, especially the gross domestic product (GDP), and the international

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<sup>82</sup> Maplecroft (2011) *Emerging Powers Integration Report Bath: Maplecroft*.

<sup>83</sup> Ibid.

<sup>84</sup> Bangwayo-Skeete, P. (2012) ‘Do Common Global Economic Factors Matter for Africa’s Economic Growth?’, *Journal of International Development*, vol. 24, p. 312.

<sup>85</sup> Hamilton, C. (2003) *Growth Fetish* London: Allen and Unwin.





agencies reinforce this bias.”<sup>86</sup> As noted previously, in the context of the Africa Rising trope, this is massively problematic, given the accuracy of African statistics.

Yet GDP growth is routinely used as *the* major benchmark against which success is considered. This has then been used to argue that Africa has turned a corner and is the “next Asia.” This fixation on growth stems from developments within the discipline of economics. “From the 1960s on, GDP conquered the political scene and affirmed itself as the supreme indicator of modernity and progress. Everything else (e.g., environmental sustainability, social justice, poverty eradication) were sacrificed on the altar of economic growth.”<sup>87</sup> This measurement of one indicator of the economy as being *the* yardstick to measure progress and enable pundits to pronounce on the spectacular trajectories of, for example the BRICS or Africa, was bolstered in the early 1990s:

In 1992, the GNP was superseded by GDP .... Traditional GNP referred to all goods and services produced by the resident of a given country, regardless of whether the “income” was generated within or outside its borders. This meant that, for instance, the earnings of multinational corporations were attributed to the country where the firm was owned and where the profits would eventually return. With the introduction of the gross “domestic” product, this calculation changed completely. GDP is indeed territorially defined, which means that the income generated by foreign companies is “formally” attributed to the country where it is generated, even though the profits may very well not remain there. This conceptual evolution ... was by and large responsible for the economic boom of many developing nations. Yet, it is obvious that the gains it revealed were more than apparent than real.<sup>88</sup>

Given the capital-intensive nature of much investment in the resource sectors of Africa by foreign corporations, one can imagine how distortionary the effect is on reporting Africa’s growth based on GDP rather than GNP. Yet it is precisely the GDP figures that are bandied about.

Furthermore, little or no consideration is paid to the long-term implications of how these growth rates have been accomplished. Minerals resource extraction is, by definition, non-renewable and in the current milieu of dependent relations, Africa’s wealth is being taken out of the continent at an exponential rate by an ever-diversifying array of actors. All the while, this is being celebrated as Africa’s gain. In fact, “the continent is actually losing a net 6% of

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<sup>86</sup> Kpedekpo, G. and Arya, P. (1981) *Social and Economic Statistics for Africa: Their Sources, Collection, Uses and Reliability* London: Allen and Unwin, p. 208.

<sup>87</sup> Fioramonti, L. (2013) *Gross Domestic Problem: The Politics Behind the World’s Most Powerful Number* London: Zed Books, p. 51.

<sup>88</sup> Ibid., p. 41.





the gross national income each year, thanks to the Resource Curse writ large.”<sup>89</sup> “GDP calculates such exports as a solely positive process (a credit) without a corresponding debit on the books of a country’s natural capital,”<sup>90</sup> despite the fact that there is an actual “decline in ‘natural capital’ that occurs *because the minerals and petroleum are non-renewable* and lost forever.”<sup>91</sup> The World Bank itself recommended in 2006 that subtracting the value of non-renewable resources through extraction gave a superior indicator of actual gains made through trade. This was termed “genuine saving” (GS) and is a measure of net investment in produced natural and human capital:

Genuine saving provides a much broader indicator of sustainability by valuing changes in natural resources, environmental quality, and human capital, in addition to the traditional measure of changes in produced assets. Negative genuine saving rates imply that total wealth is in decline.<sup>92</sup>

This has massive implications for the Africa Rising narrative, given that the majority of this “rising” has been built on non-renewable extraction and that resource-rich countries are historically the poorest genuine savers.<sup>93</sup> In fact, “[w]ith the exception of Algeria and Guinea, for whom GS was just above zero for the period 1970–2001, every country with an average share of fuel and mineral exports in total exports of over 60% had negative GS.”<sup>94</sup>

Obviously, GDP does not include deductions for the depreciation of fabricated assets or for the depletion and degradation of natural resources. Thus a country can have very high growth rates (calculated using GDP indicators), whilst embarking on a short-term and unsustainable exploitation of its finite resources. Consequently, the idea of GS traces its roots back to the work of economists such as Robert Solow and John Hartwick, whose work sought to model a development path where social welfare did not deteriorate in economies based on the

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<sup>89</sup> Bond, P. (2014) “‘Africa Rising’? Afro-Optimism and Uncivil Society in an Era of Economic Volatility’ in Obadare, E. (ed.) *The Handbook of Civil Society in Africa* Heidelberg: Springer, p. 237.

<sup>90</sup> Bond, P. (2011) ‘Africa’s “Recovery”: Economic Growth, Governance and Social Protest’, *Africa Insight*, vol. 41, no. 3, p. 39.

<sup>91</sup> Bond, 2014, op. cit, p. 237.

<sup>92</sup> World Bank (2006) *Where is the Wealth of Nations?* Washington DC: World Bank, p. 66.

<sup>93</sup> Atkinson, G. and Hamilton, K. (2003) ‘Saving, Growth and the Resource Curse Hypothesis’, *World Development*, vol. 31, no. 11.

<sup>94</sup> Dietz, S., Neumayer, E. and De Soysa, I. (2007) ‘Corruption, the Resource Curse and Genuine Saving’, *Environment and Development Economics*, vol. 12, no. 1, p. 35.



exploitation of non-renewable resources.<sup>95</sup> GS or adjusted net savings thus measures the true rate of savings in an economy, after taking into account investment in human capital, the decline in asset values through the extraction of natural resources, and damage caused by pollution. Persistently low or negative GS is an indicator that a country's trajectory is unsustainable, whilst negative adjusted net saving rates in themselves demonstrate that the total wealth of a country is in decline.

Below is a representation of both GDP growth rates (the indicator used to celebrate Africa Rising) and the adjusted net saving rates. The year 2000 is the start date, for comparison with the latest available data (2008). Of interest is the comparison (and contrast) between the two different indicators. Equally, the difference between the 2000 and 2008 figures using the GS statistics shows the sustainability or lack thereof of African countries' current paths. All figures are from the World Bank:

***GDP growth rate (%) vs. adjusted net saving rates***

	<b>GDP 2000</b>	<b>ANS 2000</b>	<b>GDP 2012</b>	<b>ANS 2012</b>
<b>Algeria</b>	2.2		3.3	28.2
<b>Angola</b>	3.0	-39.5	6.8	-25.2
<b>Benin</b>	4.9	6.8	5.4	-5.2 (2011)
<b>Botswana</b>	2.0	34.4	4.2	33.2
<b>Burkina Faso</b>	1.8	0.7	9.5	8.5 (2010)
<b>Burundi</b>	-0.9	-21.5	4.0	-13.7
<b>Cameroon</b>	4.2	-4.4	4.6	-1.6
<b>CAR</b>	-2.5		6.9	-4.59
<b>Chad</b>	-0.7		8.9	-49.89 (2008)

<sup>95</sup> Solow, R. (1974) 'The Economics of Resources or the Resources of Economics', *American Economic Review*, vol. 64, no. 2; Hartwick, J. (1977) 'Intergenerational equity and the investing of rents from exhaustible resources', *American Economic Review*, vol. 67.



<b>Comoros</b>	1.9		3.0	7.04
<b>Congo, DR</b>	-4.3	-20.1	7.2	-29.9 (2007)
<b>Congo-B</b>	-2.6	-43.4	3.8	-56.1 (2007)
<b>Cote d'Ivoire</b>	-3.7	4.8	9.5	-3.4 (2008)
<b>Egypt</b>	5.4	7.8	2.2	0.0
<b>Eq. Guinea</b>	12.5		2.5	-38.45 (2008)
<b>Eritrea</b>	-3.1	3.1	7.0	
<b>Ethiopia</b>	6.1	-4.5	8.7	6.1
<b>Gabon</b>	-1.9	0.1	5.6	-2.2 (2005)
<b>Gambia</b>	5.5		5.3	0.9
<b>Ghana</b>	3.7	-0.2	7.9	2.7
<b>Guinea</b>	2.5	-5.2	3.9	-42.8 (2011)
<b>Guinea-B</b>	3.6		-6.7	-22.4 (2010)
<b>Kenya</b>	0.6	5.6	4.6	4.7
<b>Lesotho</b>	5.1		4.0	11.5
<b>Liberia</b>	25.7		10.2	-6.0 (2011)
<b>Madagascar</b>	4.8	-2.0	3.1	-2.5 (2005)
<b>Malawi</b>	1.6	-5.5	1.9	-2.7 (2011)



<b>Mali</b>	3.2	4.8	-0.4	-10.8 (2010)
<b>Mauritius</b>	9.0	17.1	3.2	4.5
<b>Morocco</b>	1.6	16.7	4.2	14.7
<b>Mozambique</b>	1.1	1.4	7.4	0.4
<b>Namibia</b>	3.5	21.7	5.0	12.0 (2011)
<b>Niger</b>	-1.4	-5.3	10.8	10.0 (2010)
<b>Nigeria</b>	5.3	-3.2	6.7	-10.2 (2011)
<b>Rwanda</b>	8.3	-7.9	8.0	-3.7
<b>Senegal</b>	3.2	3.5	3.5	15.9 (2011)
<b>Sierra Leone</b>	6.7	-21.3	15.2	-22.7 (2010)
<b>South Africa</b>	4.2	5.3	2.5	-0.9
<b>Sudan</b>	6.3	3.3	-10.1	-6.7
<b>Swaziland</b>	1.8	5.2	-1.5	1.4 (2011)
<b>Tanzania</b>	4.9	2.1	6.9	8.7
<b>Togo</b>	-0.8	-11.7	5.6	-21.3 (2010)
<b>Tunisia</b>	4.7	6.7	3.6	-3.2
<b>Uganda</b>	3.1	-6.2	3.4	-11.2
<b>Zambia</b>	3.5	-11.7	7.2	1.8





<b>Zimbabwe</b>	-3.1		4.4	
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**Note:** Cape Verde, Djibouti, Libya, Mauritania, São Tomé and Príncipe, Seychelles and Somalia omitted due to insufficient data.

The above negative dynamics are all missed in standard GDP measurements, despite the fact that “policy implications of measuring genuine savings are quite direct: persistently negative rates of genuine savings must lead, eventually, to declining wellbeing.”<sup>96</sup> Beyond this depletion of finite resources and a subsequent negative debit on a country’s stock, inequality has been re-inscribed during this boom: “There is evidence that economic disparities in resource-rich countries are rising with economic growth, dampening the potential for poverty reduction.”<sup>97</sup>

### **Conclusion**

Not only has the current model of growth promotion so far been unsuccessful in generating sustainable developmental outcomes, it has made things worse regarding issues such as equality, the environment and Africa’s dependent status within the global political economy. As Morten Jerven notes, “The most recent period of economic growth did not entail the large improvements in human development that were the case from 1950–1975 ... Furthermore, the latest period of economic growth has not been associated with much industrial growth.”<sup>98</sup> Even the Africa Progress Panel, which is invariably Pollyanna-ish in its assessment of Africa, admits that:

After a decade of buoyant growth, almost half of Africans still live on less than \$1.25 a day. Wealth disparities are increasingly visible. The current pattern of trickle-down growth is leaving too many people in poverty, too many children hungry and too many young people without jobs. Governments are failing to convert the rising tide of wealth into opportunities for their most marginalised citizens. Unequal access to health, education, water and sanitation is reinforcing wider inequalities. Smallholder agriculture has not been part of the growth surge, leaving rural populations trapped in poverty and vulnerability.<sup>99</sup>

This has gone hand in hand with a lack of serious structural change in the continent’s economies; indeed, they are linked. The share of Africa in global manufacturing value added

<sup>96</sup> Hamilton, K. and Clemens, M. (1999) ‘Genuine Savings Rates in Developing Countries’, *World Bank Economic Review*, vol. 13, no. 2, p. 352.

<sup>97</sup> Africa Progress Panel (2013) *Africa Progress Report 2013: Equity in Extractives: Stewarding Africa’s Natural Resources for All* Geneva: Africa Progress Panel Foundation, p. 27.

<sup>98</sup> Jerven, M. (2010) ‘African Growth Recurring: An Economic History Perspective on African Growth Episodes, 1690–2010’, *Economic History of Developing Regions*, vol. 25, no. 2, p. 146.

<sup>99</sup> Africa Progress Panel (2012) *Africa Progress Report 2012: Jobs, Justice and Equity: Seizing Opportunities in Times of Global Change* Geneva: Africa Progress Panel Foundation, p. 8.



(MVA) actually *fell* from 1.2 percent in 2000 to 1.1 percent in 2008 whilst there has been no substantial change in the region's share of global manufacturing exports in recent years (i.e., the years when the upsurge in Africa has been most pronounced). In 2000, manufacturing made up 12.8 percent of GDP in Africa, but by 2008 it accounted for only 10.5 percent. It is apparent that with the exception of Eastern Africa, manufacturing is in decline across the continent. Note that the share of mining and utilities has hugely increased over the last few decades and that within the manufacturing sector, resource-based manufacturing accounted for about 49 percent of total MVA in Africa:

***Manufacturing vs. mining as % share of GDP***

	% share of GDP	1970	1980	1990	2000	2005	2008
<i>Africa</i>	Manufacturing	6.3	11.9	15.3	12.8	11.6	10.5
	Mining	4.8	19.3	15.2	18.4	23.0	25.8
<i>Eastern Africa</i>	Manufacturing	1.7	4.9	13.4	10.4	10.3	9.7
	Mining	0.8	1.5	3.3	3.1	3.6	3.7
<i>Middle Africa</i>	Manufacturing	10.3	11.8	11.2	8.2	7.3	6.4
	Mining	19.1	21.2	18.9	39.3	47.9	50.5
<i>Northern Africa</i>	Manufacturing	13.6	9.7	13.4	12.8	11.3	10.7
	Mining	15.7	33.0	17.2	19.5	28.2	29.8
<i>Southern Africa</i>	Manufacturing	22.0	20.9	22.9	18.4	17.9	18.2
	Mining	12.0	24.0	14.3	11.7	11.2	13.1
<i>Western Africa</i>	Manufacturing	13.3	16.8	13.1	7.8	6.0	5.0
	Mining	7.7	21.3	18.8	29.3	27.7	29.6

**Source:** UNCTAD, 2011: 15

This fact of manufacturing underdevelopment in Africa is also apparent at the global level. Manufacturing exports represent a low percentage of total African exports and, more importantly, the share has declined over the years. While the share of manufactures in Africa's exports was 43 percent in 2000, it fell to 39 percent in 2008. Problematically, what manufacturing that does take place is generally resource-based. However, it is in low-



technology manufacturing where labour-intensive job-creating opportunities are found. A look at the figures where data is available reveals that this sector of manufacturing is relatively small (to very small) as the key contributor to the MVA in Africa.<sup>100</sup> In fact, “fewer than 10% of African workers are currently in manufacturing of any kind and only about 1% in modern companies with advanced technology.”<sup>101</sup>

In short, the much-vaunted recent economic growth in Africa, upon which the Africa Rising narrative is fundamentally predicated, is based on trade in resources, not production. Such growth is problematic given that “production is the key to accumulation since the profits of all capital, even merchant capital that operates exclusively in the sphere of circulation, originate in the sphere of production.”<sup>102</sup> The economic advantages of current trade accrues to the accumulation centers outside of Africa. The result is that Africa’s role is reified as a source of cheap raw materials, exported to feed external economies and/or processed up the value chain into finished products. “Since the surpluses that could lead to industrial investments are not forthcoming, the peripheral nations seem condemned to be producers of raw materials in perpetuity. The economic landscape then is weak industrial development, chronic balance of payment problems all under the management of a neo-colonial comprador class.”<sup>103</sup> This has been a habitual problem for Africa, given that building up capabilities in manufacturing and improving the productivity of agriculture are the levers to wealth creation, with suitable pro-poor policies aimed at equitable and sustainable development at the heart of long-term poverty reduction.

Problematically, “[s]ub-Saharan Africa’s international competitiveness in individual industries, especially in manufacturing and agro-processing, has seen little improvement over the last two decades. Its exports remained undiversified and their growth was overwhelmingly accounted for by natural resources. Sub-Saharan Africa’s world market share in processing industries is not only low but has remained virtually unchanged.”<sup>104</sup> Indeed, as has been noted, there is evidence of *de-industrialisation*. Sub-Saharan Africa’s overall share of light manufacturing world exports declined from 1.2 percent in 1980, to less than 0.9 percent in

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<sup>100</sup> UNCTAD (2011) *The Economic Development in Africa Report 2011: Fostering Industrial Development in Africa in the New Global Environment* Geneva: United Nations Conference on Trade and Development, pp. 27-28.

<sup>101</sup> *Africa Confidential* (2014) ‘Making the Best of the Boom’, vol. 55, no. 2, p. 1.

<sup>102</sup> Kay, G. (1975) *Development and Underdevelopment: A Marxist Analysis* London: Macmillan, p. 71.

<sup>103</sup> Amaizo, Y. (2012) ‘An Alternative African Developmentalism: A Critique of Zero-sum Games and Palliative Economics’, *Africa Development*, vol. XXXVII, no. 4, p. 127.

<sup>104</sup> World Economic Forum, the World Bank and the African Development Bank (2011) *The Africa Competitiveness Report 2011* Geneva: World Economic Forum, p. 15.



2008. Meanwhile, heavy manufacturing saw an infinitesimal increase of 0.1 percent between 1995–97 and 2008, when it produced 0.3 percent of world exports. Agribusiness saw a similarly tiny development, from 1.5 to 1.7 percent between 1995–97 and 2006–08.<sup>105</sup> In other words, all areas where value might be added and production relatively enhanced are either stagnant or in decline. Instead, mining alone represented 73 percent of Africa’s export growth between 1995 and 2008:

Africa’s current pattern of growth is that it has been accompanied by de-industrialisation as evidenced by the fact that the share of manufacturing in Africa’s gross domestic product (GDP) fell from 15 per cent in 1990 to 10 per cent in 2008 ... The declining share of manufacturing in Africa’s output is of concern because historically manufacturing has been the main engine of high, rapid and sustained economic growth.<sup>106</sup>

Notably, “Africa—the region most dependent on primary commodity exports” has become even more commodity-dependent during the period now dubbed Africa Rising. “The share of primary commodity exports was 72 per cent in 1995 but had risen to 81 per cent by 2009.”<sup>107</sup> Uncomfortably, “[t]he basis of recurring growth in African has always been strong external demand. Growth has not been triumphant and the end of growth periods has ended with a combination of predatory rent-seeking and depressed external markets. The recent boom was one-sided, based on external market demand for natural resources.”<sup>108</sup>

“Economic development usually refers to sustainable economic growth accompanied by significant structural change in production patterns and generalised improvement in living standards.”<sup>109</sup> Relationships based on extraction have not historically worked as catalysts for this outcome. Unless an economy is engaged in activities that deliver increasing returns over time (as found in manufacturing production), then the economy is not developing—it is just growing. The problem is that mainstream economists argue that economies must integrate into the global economy using their notional comparative advantages. If this means focusing on primary commodity extraction, then so be it. In this reading, the simple existence of upward GDP growth and flourishing trade volumes (not the quality thereof) are seen as evidence of success. This is on what the discourse about Africa Rising is based. But growth and trade in commodities do not equate to development and in fact may simply be the

<sup>105</sup> Ibid., pp. 15, 19.

<sup>106</sup> UNCTAD (2012b) *Economic Development in Africa Report 2012: Structural Transformation and Sustainable Development in Africa* Geneva: United Nations Conference on Trade and Development, pp. 2-3.

<sup>107</sup> UNDP (2011) *Towards Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty* New York: UNDP, p. 60.

<sup>108</sup> Jerven, M. (2010b) ‘African Growth Recurring: An Economic History Perspective on African Growth Episodes, 1690–2010’, *Economic History of Developing Regions*, vol. 25, no. 2, p. 146.

<sup>109</sup> Whitfield, L. (2012) ‘How Countries Become Rich and Reduce Poverty: A Review of Heterodox Explanations of Economic Development’, *Development Policy Review*, vol. 30, no. 3, p. 241.





manifestation of an intensification of dependency: industrialization develops countries, extraction exploits them.<sup>110</sup> The vast majority of Africa's countries that are said to be on the rise are still locked into primary commodity sectors and evidence very little progress towards engaging in value-added industrial production.

The story of Africa Rising is just that: a story. In this tale, where growth-for-growth's sake is cast as a manifestation of development and progress, the agenda of industrialization and moving Africa up the global production chain has been abandoned. Instead, reporting and analysis has been hypnotized by growth rates (setting aside the fact that these are starting from very low bases and in themselves are based on problematic data collection methodologies). It is true that growth in non-minerals sectors has been recorded, driven largely by agricultural sectors, but in most African countries these are mainly subsistence-based, with low levels of productivity and basic, if not primitive, technologies. Minimal scaling-up and commercialization characterises these sectors, with little value added. The service sector in parts of Africa has also grown, particularly in the much-vaunted telecommunications area, as well as wholesale and retail trade. But these do not provide sufficient wage employment. . It continues to be the case that 596.4 million Africans (69.9 percent of the population of sub-Saharan Africa) still lives on less than \$2.00-a-day.<sup>111</sup> A "rise" based on an unsustainable intensification of resource extraction through diversifying partners and courting the BRICS, with no serious long-term development policies in place to reap what benefits may accrue—whilst over half a billion Africans live in poverty—raises a most profound question: rising for *who*?

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<sup>110</sup> Bond, P. (2006) *Looting Africa: The Economics of Exploitation* London: Zed Books.

<sup>111</sup> World Bank (2014) 'Poverty & Equity', <http://povertydata.worldbank.org/poverty/region/SSA>, accessed June 30, 2014.

