# Decolonization of africa and its economic impact

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Since the Decolonization of Africa, around the 1960s, sub-Saharan African (SSA) countries have not been able to develop themselves successfully. SSA countries refer to all the countries located in the south of the Saharan desert; there are 48 of them. In 2008, the total population of the SSA countries was 820 million[i]; the largest being Nigeria with 154 million people while six SSA countries had a population of less than two million habitants. From 1974 to the mid 1990s, Africa was the only continent that had a negative GDP growth rate[ii]. Corruption, famine, drought, poverty, AIDS, civil wars are all factors that have contributed to the lack of economic growth. All these problems that African countries are facing need to be solved in order to achieve economic growth and reform that will allow them to maximized their resources. The most worrying fact is that Sub-Saharan African countries have the potential for significant growth, but instead those resources become sources of internal conflicts. Those natural resources could be assets on other continents as becomes a burden in Africa.

# 1. The Colonial Legacy

From the 1880s until the 1960s, African countries were colonized by European countries. France, England, Portugal, Germany and Belgium were the main countries that colonized different parts of the African continent[iii]. The separation of region and the imposition of different policies affected the continent in both a bad and a good way. Like Karl Marx said, " The country that is more developed industrially only shows to the less developed the image of its own future". In other words, Marx was implying that despite the European colonization of Africa, the African countries benefited because the Europeans helped them develop new infrastructure such as railroads, ports and airports[iv]. On the contrary, one can argue that the only reason the Europeans industrialized those countries was to facilitate the transport of natural resources to Europe. Many economists believe that imperialism only benefited the Europeans, in which they exploited African countries and then left[v]. Subsequently, after the European countries left Africa, the supposedly elite leaders that emerged from decolonization failed to properly govern their countries or to help them develop economically. This has led to the undeniable fact that many countries, after gaining independence, have found themselves in big trouble. Insecurity, poverty, underdevelopment and socio-economic imbalances have made Africa a continent that vacillates between hope and disillusionment.

# – Internal barrier to Development

Trying to create a complete list of the causes of underdevelopment in sub-Saharan Africa would be really hard to do because there are so many. Corruption is one of the main problems that these countries are facing. As the economist Stephanie Hanson said, “ Corruption in Africa ranges from high-level political graft on the scale of millions of dollars to low-level bribes to police officers or customs officials[vi]“. The way these governments function allows the people in power (the elites) to manage as they please (without control) the resources of the state[vii]. Dealing with population control, stopping the spread of epidemics like AIDS and malaria, and establish proper democracies along with transparency have not been main concerns for African leaders. A study in 2002 conducted by the African Union showed that the cost of corruption in the African continent amounts to about150 billion a year[viii]. They also said that in 2008, African countries received 22. 5 billion dollars in aid from developed countries yet none of that money was allocated to benefiting and helping the African people. If Africa does not eradicate corruption, they might even experience a significant decline in their GDP growth because they will not receive any aid from other countries. Although democracy seems firmly established in some countries, electoral fraud still remains a common practice in most of sub-Saharan Africa.

Poverty, social inequality, rapid population growth and unplanned urbanization have also led to the creation of social anarchy. Unemployment is high, especially among African youth, and is close to 80%[ix]. For many of them, the only way to get a job and to improve their lives is to leave Africa. Many go as students and often do not return, others go and live and work illegally, while some who cannot enter Europe the United States legally, will attempt to get there by boat. However, the latter is often extremely dangerous and often proves to be deadly most of the time[x].

Of the 48 sub-Saharan African countries, 33 are among the 50 Least Developed Countries (LDCs) of the world[xi]. Social inequalities these nations are very large where, “ 40 to 70 percent of the African population lives in slums”[xii]. On average, 15% of the population owns 65% of the wealth and in contrast, 54% of the population lives on less than $ 1 per day. These gaps create various tensions between different parts of the population; the poor and the rich, landowners and workers, and urban and rural people. As a result, many people leave rural areas and migrate to the cities in hopes of having a better life.

In addition, the growth of agricultural production cannot keep up with the growth of the population. So, in order to overcome famines, governments have to import more food. In 2008, sub-Saharan Africa had 819 million inhabitants[xiii]with a growth rate about 2. 5% per year in 2008.

As a victim of political turmoil and poverty, Africa is even more vulnerable to pandemics. The life expectancy at birth in SSA countries is 46 years old, which is 32 years less than the life expectancy of a person in developed countries such as the United States, France or Germany. The continent is plagued with diseases like malaria and AIDS . These two epidemics are the most deadly in Africa and have become a major barrier to development in many African countries. The eradication of these “ evils” is a prerequisite for the progress of SSA countries. Malaria, a mosquito-borne disease, although less publicized than AIDS, is still the primary cause of mortality in Africa and kills approximately 1. 5 to 2. 7 million people per year[xiv](3000 children every day). Children are primarily affected by malaria, whose symptoms include severe fevers that weaken individuals and therefore prevent them from working. Malaria has cost sub-Saharan African countries a lot of money: 40% of total health costs for the countries that are affected[xv].

AIDS has also caused a real humanitarian crisis as well as economic disaster in sub-Saharan Africa. Of the 33. 4 million people that are infected with the virus worldwide, 22. 4 million are African[xvi], and 1. 9 million are children. Like malaria, the disease particularly affects African productivity. Among the six nations that are the most affected by AIDS, some are also facing famines. These countries are Swaziland, Botswana, Zimbabwe, South Africa, Malawi and Namibia[xvii]. In Botswana, nearly 24% of the adult population is HIV positive[xviii]. Another important fact is that when a pregnant woman has HIV, her baby will most likely contract the virus too. Conflicts and wars facilitate even more the spread of the virus leading to the fact that African armed forces are at high risks of contamination: " UNAIDS has previously assumed that rates of HIV among armed combatants is 2 to 5 times higher than among civilian populations"[xix]. The pandemics of AIDS and malaria can be reduced in sub-Saharan Africa with the help of other nations. If they allow local companies to produce cheaper drugs, more people will have access to generic medicines. However, the problem lies in big pharmaceutical companies that see Africa as a bad investment." In the middle of 1999, the interests of the pharmaceutical industry (via lobbying through Vice President Al Gore) had resulted in the US actually threatening South Africa with trade sanctions for trying to develop generic and cheaper drugs to fight AIDS "[xx]. More money should be spent by these large pharmaceutical companies to try to develop vaccines against AIDS or Malaria, but the probability of this happening is quite unlikely. The fact is, spending money to develop vaccines may be beneficial for African countries but not for these large pharmaceutical companies. Since African countries are poor, and diseases like malaria and AIDS do not affect first world countries as much as third world countries, they are not the main concern of large pharmaceutical companies, especially if they are non-beneficial. Lobbyist James Love said that, “ Of diseases in the Third World, AIDS is getting the most attention and focus. Not coincidentally, it is also one of the few diseases that remain a threat to First World countries”[xxi]. These companies are better off spending large amounts of money in erectile dysfunction drugs than researching ways to stop the spread of malaria and AIDS in Africa. Tragic as it is, it’s also the truth; these large companies put profit over need.

Like malaria or AIDS, famine also ravages SSA. In 2008, 14 million people were at risk of facing malnutrition in Africa. One of the reasons why so many people in Africa are affected by famines is due to the fact that SSA countries fail to produce enough food to feed their population – even if they import food, they don’t always import enough. Ethiopia is the country that is most affected by famine with 10 million habitants exposed to it in 2008[xxii].

## 3. SSA Natural Resources

The African continent has a significant amount of natural resources. Oil exporting countries, like Nigeria or Gabon, after the end of the colonization, have been benefiting from investments by large foreign firms and are the fastest growing economies today[xxiii]. Other countries, whose economic situations seem more precarious, have significant resources of raw materials and are also beginning to generate more interests. On the negative note, although these resources may boost Africa's growth, they may also boost corruption and the lead to the eruption of conflict.

Africa is increasingly becoming a strategic reserve for raw materials and hydrocarbons. Many African countries are now being placed in the very first ranks of global production for gold, diamonds, strategic metals and most especially, oil[xxiv]. These assets, which make them solvable countries, can be beneficial in helping them trade with the Western powers or emerging nations like China and Brazil that are in need of raw materials in order to sustain their own nation's industrialization.

About 50% of world's diamond productions come from the Sub-Saharan Africa[xxv], mainly from four countries: Angola, Botswana, the Democratic Republic of Congo, and the Republic of South Africa[xxvi]. In southern Africa, De Beers (the world's largest diamond sales) operated an industrial mining and controlled over 80% of the world's supply of rough diamonds in 1980[xxvii]. By 2009, the diamond company sold up to 3. 84 billion dollars worth of diamonds[xxviii]. These sales were beneficial in several ways. First, the sales and profits provided large incomes to the producing countries, as well as provided employment for many Africans (De Beers employed around 20, 000 workers in Africa in 2005[xxix]). Second, the sales lead to the development of infrastructure such as roads and airports in order to transport diamonds. In November 2006, nineteen African countries, determined to increase the incomes from the exportation and selling of diamond, created the Association of African Diamond Producers (ADPA)[xxx]. It was intended to prevent the export of rough diamonds and finished products and to promote higher value added. As good as having natural resources can be, in order for African countries to maximize sales for those resources, they must transform these raw materials into finished products. In other words, despite the fact that countries like Botswana and Angola are receiving money from De Beers for their raw diamonds, De Beers is still making the greater profit by cutting the raw diamonds into finish products. In order for countries producing the raw resources to maximize their profits, they should be the ones to churn out and sell the final products[xxxi].

Africa has the third largest oil reserves in the world after the Middle East and Central Asia[xxxii]. Africa puts on the market 8% of the world's production. In sub-Saharan Africa, the three largest oil producers are Angola, Equatorial Guinea and Nigeria in particular. This year, the continent's largest producer (Nigeria), is the eighth largest exporter of oil in the world[xxxiii]. On the other hand, new areas of operation have emerged in recent years in Chad, Sudan, Western Sahara, Niger and Gulf of Guinea. These new discoveries of oil are also reasons why conflicts have emerged in those regions (Chad and Sudan for example)[xxxiv]. In 2001, over eight billion barrels of reserves were discovered in the world – seven billion have been in West Africa. In 2007, African oil reserves were estimated to be 117 billion barrels, or 9. 4% of the world's reserves[xxxv]. Between 2004 and 2007, oil production in Africa increased from 7 million barrels per day to 9. 5 million or 3. 1% since 2006[xxxvi].

African growth is being stimulated by rising commodity prices[xxxvii]. The United States and China, now competing for African oil, have redeployed and stepped up their investment policies to sustain or increase their oil supply in the coming decades.

Since the mid-1980s, the United States has been seeking to diversify their oil supplies and U. S. officials have increased their interest in Africa. It is a matter of strategic interest. In fact, the Iraqi crisis has demonstrated the safety of supplies from Africa to those in the Middle East. Nigeria became the fifth largest supplier of oil to the United States[xxxviii]and Angola exports 40% of its production to the United States[xxxix]. In 2006, African oil constituted 15% of U. S. consumption. In ten years, it should represent a quarter of U. S. supplies. However, in January 2006, the American company, Chevron, was supplanted in an oil field offshore Nigeria by a Chinese oil company, " China National Offshore Oil Corp", which has invested 2. 3 billion dollars[xl]. In recent years, China has been increasingly competing with Western countries in Africa. By letting African countries be acquainted with the fact that that they don't have a colonial past with them and also stands as an alternative model, demonstrating that democracy is not a condition for development. China has become the second largest importer of African oil, accounting for 33% of its supplies[xli]. In addition, since 2006, China has started the construction of an oil refinery in Sudan. This oil refinery is meant to represent a model of cooperation but is also a reason why china does not want take action against Sudan on the ongoing genocide in Darfur by sanctioning the government[xlii].

The money gained from African natural resources, minerals and oil do not always finance the development of countries. They become instead, the sources of tension and disorder that destabilized many countries. Diversions are to the detriment of the people. Their profits fund civil wars, dictatorships and corruption.

The diamonds of Sierra Leone have funded a civil war that has killed around 50, 000 people, of which one million people have been displaced[xliii], not to mention, the abduction of children and women who were transformed into soldiers and sex slaves. More generally, the African population does not profit from natural resources that Africa has ; only a minority benefit from the profits from oil and gas. Nigeria is provided with a subsoil rich in natural gas, metals (iron, lead, zinc) and coal. However, due to corruption, Nigeria has become the only country in the world that has oil resources yet still presents a budget deficit[xliv]. In 2010, Nigeria have been recognized by the International Monetary Fund as the eighteenth most corrupt country in the world, in which only a small part the population benefits from oil revenues. Instead of using the money from oil to develop the educational system and to build new infrastructure, the people in power use it for to their benefit. [xlv]In 2004, the New York Times reported that almost $500 million were stolen by Sani Abacha (ex president of Nigeria) and were in Switzerland's banks.

## 4. How can sub-Saharan Africa Develop?

## Education

In 1960, only 39% of children of Francophone Africa were enrolled in primary schools, compared to an average of 60% today[xlvi]. Since the end of the colonization around the 1960s, these countries have managed to develop their education systems, yet it still remains difficult today to teach and learn from Bamako (Mali) to Libreville (Gabon). Education is one of the major challenges in Sub-Saharan Africa; in Africa today 44% of the population is under 15 years[xlvii]. In comparison, the percentage of the population under

15 years old is 20. 2% in the United States and 15. 44% in the European Union[xlviii]. Having a relatively young population can be beneficial for African countries because they will then have to spend less money on healthcare for people over 65 year old and can allocate more money towards the youth (education).

Another fact about education in Sub-Africa is that it differs widely across countries and even within them, depending on geographical areas, rural and urban areas as well as grades or sex of the students. According to UNESCO, funds for public education in 1980 accounted for 3. 8% of GDP in the states of sub-Saharan francophone, compared to 3. 1% in 1988[xlix]. Instead of spending more money on education, governments did the very opposite and decreased the amount of money allocated to education. The hopes raised by the Jomtien Conference[l](1990) and by the Dakar Forum (2000) included the main objectives in which education for all (with compulsory education for children), increased literacy levels by 50%, and gender equity in education by 2015, already seemed unattainable.

In order for these countries to further develop, they will have to pay more attention towards education. The correlation between development and education is well known, and an example of that would be just to look at what the East Asian tigers did to develop themselves from 1970 to 1990. They improved their education system, making primary education compensatory and free, while also increasing the rate of enrollment in secondary education as well. They built new colleges and universities and also sent their students to study in Western countries such as the United States, England and France. Likewise, African countries have to get in partnership with Western countries in order to reform their economies[li]. Although Sub-Saharan countries recognize the fact that education is essential to the growth of their nation and have set plans and goals for the future years to come, these goals have never been reached due to the lack of leadership. In order for there to be development, the mentality of the people in power will also have to change. With a better education, the population will be better informed and more capable in deciding and choosing what is best for them and their future. Thus, they will be able to elect the proper people that will be capable of governing them effectively. Corruption dictates most of these elections. In order to gain the maximum amount of votes, many politicians go to rural areas, such as villages, and bribe the head chief of the village with money in exchange for the villagers' votes. If these villagers were more educated, they would make smarter decisions in electing the right people. In 2007, fewer than 3 out 10 adult in Africa knew how to read[lii]. In comparison, the literacy rate in the United States today is close to 99% according to the UNESCO[liii]. The better educated a population is, the more efficient they will be and the more productive the country will become.

## Economical Reform

The role of the International Monetary (IMF) bank in Sub-Saharan Africa is extremely crucial in the development of the SSA countries. The IMF was created in 1945 and its purpose is to " promote international monetary cooperation; to facilitate the expansion and balanced growth of international trade"[liv]. The IMF is like a world bank that lends the money of countries like the United States, France, and Germany, to less developed nations or nations in need of money, such as South-American countries. However, like any other bank, they must also satisfy the lenders with the help of interest rates and other economic tools[lv]. Around the 1980s, The IMF started to lend large amounts of money to African countries in order to benefit their own countries. However, a problem arose when the African countries did not use the money properly to build new infrastructure, to increase their level of literacy or to make water more accessible to more people. Instead, the IMF lent money to countries that were badly governed, with high corruption and political instabilities. Therefore, instead of improving their economies, these governments put their country in greater debt and are now facing Structural Adjustment policies from The IMF[lvi]. Structural Adjustment policies from the IMF have a negative connotation because for many people it means that the IMF is going to put their country in a worse position than they already were in. If a country is under Structural Adjustment, it will have for example, to lower the taxes on imports in order to make external products coming from European countries or the United States cheaper. The problem is that a lot of African countries receive large incomes from the taxes they set on imported materials. These taxes also allow products from their country to be cheaper than products coming from the United States or France. However, since taxes on imported goods are being reduced, African products now have to face tough competition with the imported products[lvii]. A lot of African leaders and politicians are advocating the clearance of debts of poor nations by the IMF just so they can escape Structural Adjustments and be able to apply for loans. In 2005, The IMF and the World Bank cleared the debt of 18 countries[lviii]. Today, before lending money to a country in need, the IMF now verifies whether the money is being utilized in a proper way, either by improving education systems, infrastructure or the economy of that country.

The richest country in Africa today is South Africa with a GDP (gross domestic product) of $276, 219 billion in 2009. According to the IMF[lix], South Africa has a GDP per capita (per person) of $5685. The second most prosperous country is Nigeria with a GDP of $207. 116 billion and a GDP per capita of $ 1, 401. Together, the GDP of Nigeria and South Africa account for almost half of the GDP of SSA countries[lx]. In comparison, the GDP of the United States is $14, 256, 275 billion with a GDP per capita of $46, 381. Out of the 48 Sub-Saharan countries, 27 of them have a GDP per capita of less than a $1000. In order for sub-Saharan African countries to develop themselves they will also have to increase their export as well as attract foreign investment. Foreign investment is important for their development because they need to diversify their economy by having other sources of income other than just natural resources or getting high interest loans from foreign countries. Along with political instability, electricity is a major problem when it comes to attracting foreign investment. For example, in 2005 in Accra, the capital of Ghana, " food tins at the Prime Pak canning factory were positioned on the assembly line, ready to be sealed before export. Without warning, the machines came to a screeching halt, leaving entrepreneur Cyril Francis standing helplessly in the dark. Thirty per cent of the consignment spoiled."[lxi]With electricity problem like this, it will be hard for African countries to attract outside businesses. New programs are being put in place to allow African countries to produce enough energy so blackouts will not happen.

War and political conflict also stop foreign investment in Africa. Today, there are still many conflicts throughout Africa such as war in Darfur and in Casamance (Senegal), political turmoil in C’ote D’Ivoire, Congo, Guinea Bissau and many others. These conflicts make outside investments hard to enter Africa even though there is a lot of potential. Building new factories in Africa would be advantageous due to cheap labor and the geographical location of Africa, which would make sub-Saharan African countries more competitive than China. It would also cost less to produce something in Africa and send it to Europe or to the United States than it would be from China. The lack of infrastructure has also held back African countries from att