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**Africa and the Challenge of Globalization**

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## ABSTRACT

This paper provides an overview of Africa's economic performance. Although the continent appeared headed for economic success in the early days of independence, based particularly on natural resource endowments, Africa's economic growth has stagnated while the rest of the world has experienced continuous, often spectacular, growth. The countries in Africa that have had the worst performance are those that contain the majority of the population. These states, in particular, suffer most from a crisis of governance and lack the policy and legal frameworks to grow quickly. The states in Africa can be divided into six categories and each grouping faces a different set of challenges from globalization: 1) high performers ready to globalize; 2) countries on an upward trajectory; 3) large, poorly performing countries; 4) poorly performing countries; 5) countries in collapse; and 6) oil producing countries. Only the states in the first two groupings are currently able to participate in the globalized economy.

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## **Africa and the Challenge of Globalization**

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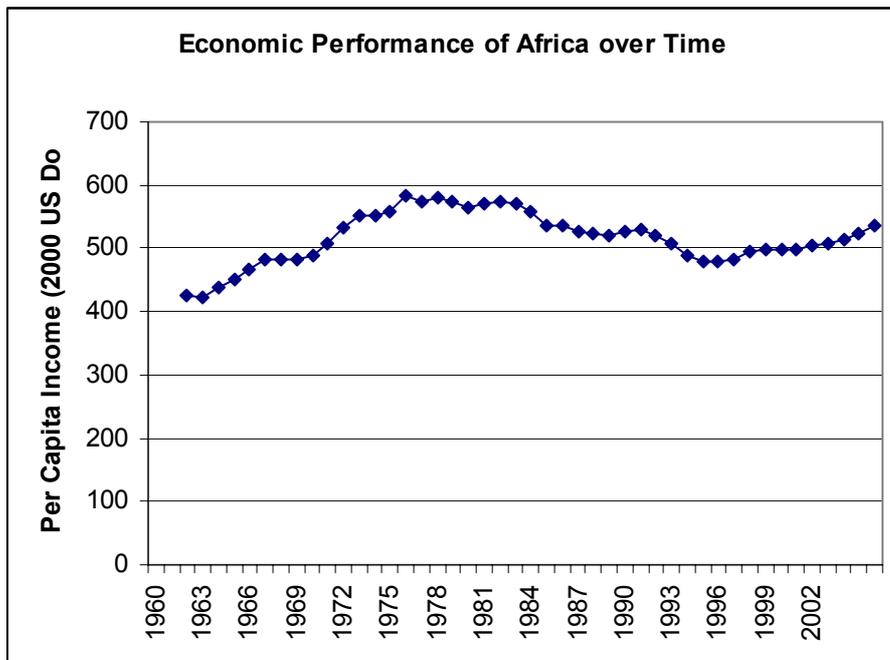
Globalization has always affected Africa. The slave trades in East and West Africa profoundly shaped the development of many African societies over hundreds of years. As late as 1923, a company (the British South Africa Company) was still the sovereign authority in one territory (Southern Rhodesia). Today, most African countries are extremely open to the international economy as exports plus imports constitute a very significant share of the total economy. However, African countries have palpably failed to take advantage of the opportunities offered by the globalized economy of the twenty first century: they receive little foreign investment, fail to produce many processed goods for export, and are less “wired” than almost any other region of the world. However, despite their overall poor performance, African countries are becoming increasingly differentiated in all areas, including their ability to benefit from globalization. A few African nations are now poised to take advantage of the new international economy while, at the other extreme, there are a significant number of countries that are simply trying to preserve their basic institutions with little hope of successful engagement with the world. This paper will review the challenges posed by globalization to Africa, and develop a typology of African countries that will detail their relative ability to take advantage of the new opportunities offered by the international economy.

It is the working assumption of this paper that the international community is not going to supply a significant amount of new foreign aid to Africa in the near future. The international community has shown little ability to mobilize such massive amounts of aid and the record of how aid has been used is poor. The international community also increasingly recognizes that even candidates such as post-Moi Kenya and Ethiopia that were thought to be excellent destinations for aid may actually have problematic governance records. I thus assume that the critical recommendation of

the Blair Commission will not be adopted. As a result, African countries will have to struggle to take advantage of the new international economy while attempting to mitigate international shocks, just as all successful developing countries have done over the past forty years. There are undoubtedly many different paths toward development but I assume that massive aid is not one of them.

**Africa and Globalization: A Scorecard**

The general African economic situation is by now so well known that a comprehensive exposition is unnecessary. The continental performance has been poor: Africa overall has generally not even returned to the economic peak of the



late 1970's when all natural resource prices were relatively high. While the continent was

experiencing the “lost decades” of the

Source: World Bank, World Development Indicators Online, found at: <https://publications.worldbank.org/register/WDI?return%5furl=%2fex%2fsubscriptions%2fWDI%2f>

1980's and 1990's, other regions were, of course, making spectacular gains. In 1960, the continental average of per capita income in Africa was roughly three times the East Asian average (\$425 versus \$135 in constant 2000 US dollars), while in 2004, Asia's per capita income was twice as high as the African average (\$536 versus

\$1,140 using the same measure).<sup>1</sup> Asian countries managed to increase their real per capita income nine fold while African countries saw a roughly 25% increase in per capita income over forty years, with most of these gains coming in the first two decades of independence. As is well known, Malaysia and South Korea had per capita incomes that were lower than many African countries in 1960 but today those countries today compare themselves to the industrialized world rather than to the countries south of the Sahara.

The poor overall economic performance inevitably affects how Africa integrates into the international economy. For the most part, the continent remains a producer of relatively unprocessed raw materials. Indeed, it is disheartening to hear that even in success stories like Ghana, the same debates about how to better process raw materials that were common four decades ago still occur today. In the meantime, Asian countries have totally transformed their industrial production. While the African indicators for high tech integration into the world economy portrayed below are still above the South Asian averages, even this relatively positive differentiation will erode given the high rate of economic growth across South Asia.

<b>How Wired?</b>				
	East Asia	Latin America	South Asia	Sub-Saharan Africa
<b>Internet users (per 1,000 people)</b>	48	93	14	17
<b>Personal computers (per 1,000 people)</b>	26	67	7	12

Source: World Bank, [World Development Indicators Online](#)

However, while Africa has, overall, performed poorly, there has been noticeable and increased differentiation in economic performance across the continent.

<sup>1</sup> All data in this and the following paragraphs are from the World Bank, [World Bank Development Indicators Online](#)

Country	Population (2002)	Per Capita Income (constant 2002 US Dollars)					
		1960	1965	1970	1980	1990	2002
Angola	13,121,250	..	..	..	957	906	821
Benin	6,552,181	278	300	308	314	300	383
Botswana	1,711,770	254	301	436	1247	2487	3371
Burkina Faso	11,831,090	148	155	162	181	197	243
Burundi	7,070,999	92	91	118	126	148	103
Cameroon	15,769,270	458	471	448	638	665	618
Cape Verde	458,030	..	..	..	..	886	1260
Central African Republic	3,820,085	346	328	348	316	275	251
Chad	8,340,787	251	238	233	152	195	201
Comoros	585,937	..	..	..	405	419	364
Congo, Dem. Rep.	51,579,780	324	316	327	252	205	85
Congo, Rep.	3,656,658	617	637	702	957	1109	962
Cote d'Ivoire	16,513,120	532	644	840	945	705	632
Equatorial Guinea	481,880	..	..	..	..	705	3321
Eritrea	4,296,700	..	..	..	..	..	162
Ethiopia	67,217,840	..	..	..	..	95	108
Gabon	1,315,418	1658	2413	3105	4698	4097	3843
Gambia, The	1,388,568	..	..	285	333	328	310
Ghana	20,298,490	281	283	296	239	214	267
Guinea	7,744,346	..	..	..	..	367	435
Guinea-Bissau	1,446,881	..	..	178	144	183	138
Kenya	31,344,580	213	214	239	357	379	341
Lesotho	1,776,616	111	146	152	313	391	517
Liberia	3,295,049	698	710	844	747	179	178
Madagascar	16,437,220	389	366	409	349	281	218
Malawi	10,743,330	99	109	122	162	146	158
Mali	11,373,720	..	..	195	233	193	249
Mauritania	2,784,686	203	306	353	326	304	358
Mauritius	1,210,000	..	..	..	1564	2522	4073
Mozambique	18,438,330	..	..	..	175	151	243
Namibia	1,984,653	..	..	..	1967	1606	1805
Niger	11,425,340	321	381	325	273	197	174
Nigeria	133,189,700.00	291	319	344	409	337	331
Rwanda	8,163,000	243	188	231	282	257	259
Sao Tome and Principe	154,200	..	..	..	..	336	326
Senegal	10,007,000	507	491	469	417	428	467
Seychelles	82,436	2379	2485	2646	4531	5644	7355
Sierra Leone	5,235,472	219	251	280	289	255	182
South Africa	45,345,290	2207	2690	3104	3463	3152	3118
Sudan	32,790,850	288	282	267	283	281	418
Swaziland	1,088,176	..	..	722	980	1329	1335
Tanzania	35,181,300	..	..	..	..	267	294
Togo	4,759,539	188	282	316	383	310	290
Uganda	24,600,000	..	..	..	..	177	271
Zambia	10,244,420	528	613	569	476	389	342
Zimbabwe	13,000,970	430	435	570	562	602	479

Source: World Bank, [World Development Indicators Online](#)

As is evident from the chart, per capita income in 2002 (as measured in constant 2002 US dollars) does vary considerably across the continent. A few countries, notably Botswana and Mauritius, have managed to increase their real per capita incomes substantially. However, some other countries have become absolutely poorer over time while others are treading water.

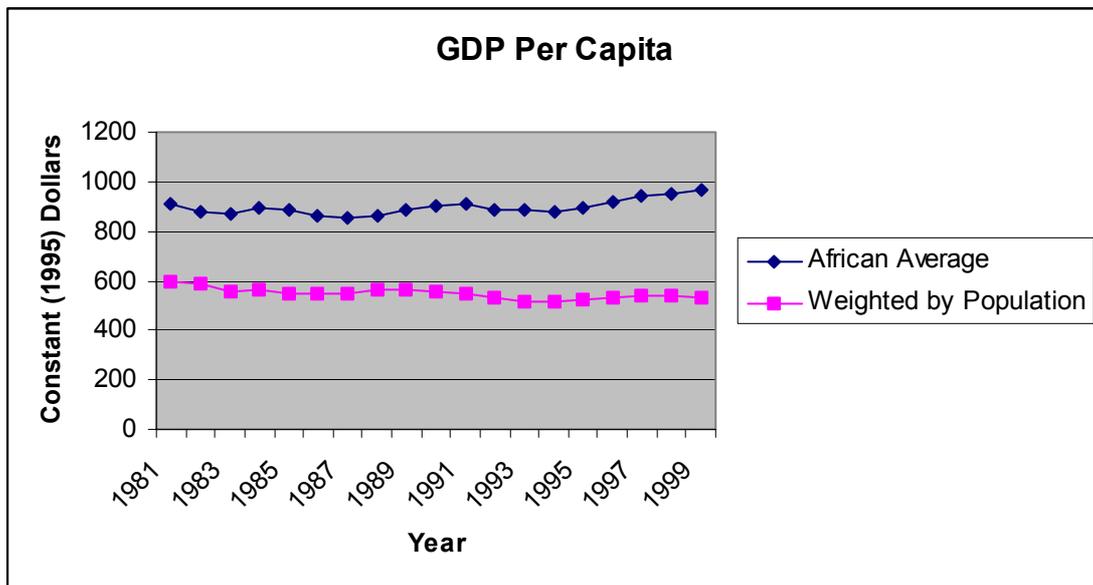
There are, of course, many reasons why particular countries have done better or worse in Africa. One trend that stands out is the exceptionally poor performance of large countries. The DRC (51 million people), Ethiopia (67 million) and Nigeria (133 million) together account for 37 percent of Africa's total population of 690 million. All three have per capita incomes well below the continental average and DRC and Nigeria appear to becoming absolutely poorer. In contrast, it is clear that all of the highest performing countries are very small. Both Botswana and Mauritius have less than 2 million people and many of the countries with very high per capita incomes (e.g., Equatorial Guinea or Seychelles) have less than a million people.

Indeed, the fundamental problem affecting Africa is that, overall, the countries that have done especially well have few people and the countries that have performed even worse than average are extremely large and populous.<sup>2</sup> When 'average' continental per capita income is calculated, the income of Mauritius (US\$4,073 per person in 2002 but with a population of only 1.2 million) counts for the same as Ethiopia (US\$108 but with a population of 67 million). The following chart contrasts the 'average' continental per capita income with the same figure weighted by population. The 'weighted by population' figure is essentially what the 'average' African experienced between 1981 and the present. As the chart suggests, the experience of the 'average' person has been even worse than is suggested by the

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<sup>2</sup> The analysis in this paragraph and the chart was originally from Jeffrey Herbst and Greg Mills, The Future of Africa: A New Order in Sight? (London: International Institute for Strategic Studies, 2004).

simple continental statistics because the countries where people actually tend to live have been doing so much worse than even the African average.



### **The Crisis of Governance**

There are many reasons for Africa's poverty: the poor colonial inheritance, dependence on raw materials, difficult geography, and natural disasters. However, the most important barrier to Africa participating in the international economy is the crisis of governance. In general, African countries lack the policy and legal frameworks to grow quickly, although there are significant variations across the continent. Unless the governance issues are solved, Africa will not be able to overcome all of the other problems that keep it from growing.

There are many ways to measure governance, none perfect, although given how closely related different measures are to each other, most tend to tell the same general story, even if ranking countries somewhat differently. The World Bank has developed a measure of government effectiveness that "combines responses on the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the

credibility of the government's commitment to policies.”<sup>3</sup> The Bank has estimated government effectiveness for most countries in the world and centered the estimate around “zero.” That is, the average country has a government effectiveness rating of zero.

There are obviously significant margins of errors in any measure of governance as there is only limited information on how many governments function and some categories are inherently hard to measure. Thus, in the following chart it would be inappropriate to assert that Ghana actually has better governance than Seychelles because it has a score that is .01 higher. It would be reasonable to assert that Ghana probably has a better government than Ethiopia. The overall rankings suggested in the chart contain few surprises for the informed observer.

(“0” is global average)

BOTSWANA	0.87	TANZANIA	-0.51	ETHIOPIA	-0.89
MAURITIUS	0.53	BENIN	-0.62	ZAMBIA	-0.93
SOUTH AFRICA	0.52	CAMEROON	-0.62	SUDAN	-1.11
NAMIBIA	0.18	SAO TOME AND PRINCIPE	-0.64	NIGERIA	-1.12
GHANA	0.01	MALAWI	-0.68	Angola	-1.16
SEYCHELLES	0	BURKINA FASO	-0.69	TOGO	-1.17
MAURITANIA	-0.16	CHAD	-0.75	CONGO	-1.25
SENEGAL	-0.18	GUINEA	-0.78	GUINEA-BISSAU	-1.35
CAPE VERDE	-0.2	NIGER	-0.79	EQUATORIALGUINEA	-1.37
LESOTHO	-0.26	ZIMBABWE	-0.8	CENTRAL AFRICANREPUBLIC	-1.43
MADAGASCAR	-0.38	GAMBIA	-0.81	BURUNDI	-1.46
MOZAMBIQUE	-0.41	RWANDA	-0.82	LIBERIA	-1.51
UGANDA	-0.41	COMOROS	-0.84	SIERRA LEONE	-1.54
ERITREA	-0.44	MALI	-0.84	CONGO, DEM. RE.	-1.6
SWAZILAND	-0.44	KENYA	-0.85	SOMALIA	-1.97
GABON	-0.45	COTE D'IVOIRE	-0.89		

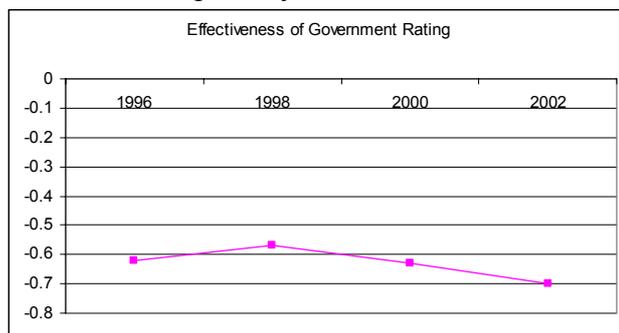
Source: Derived from World Bank Governance Indicators, 1996-2002. Found at: <http://www.worldbank.org/wbi/governance/govdata2002/index.html>.

<sup>3</sup> Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, “Governance Matters III: Governance Indicators for 1996-2202,” April 5, 2004, p. 3. Found at: [http://www.worldbank.org/wbi/governance/pdf/govmatters3\\_wber.pdf](http://www.worldbank.org/wbi/governance/pdf/govmatters3_wber.pdf). Viewed March 28, 2005.

While a few rankings are impressive (Botswana is just below Italy and just above South Korea), the average African performance is still unimpressive by global standards. Only five countries—Botswana, Mauritius, South Africa, Namibia, Ghana, and Seychelles—have measures of government effectiveness that are at or above the world average of “0.” The top twenty-four countries on the worldwide governance scale are all developed or close to developed countries. If these are eliminated (the Bahamas then becomes the top scorer), the global average is -0.25. Even then, only an additional three countries (Mauritania, Senegal, and Cape Verde) are above what essentially becomes the average for developing countries.

Especially notable is that four (DRC, Ethiopia, Nigeria, and Sudan) large African countries are in the bottom quartile of the *African* distribution for governance.<sup>4</sup> In contrast, there are clearly many small countries (by population) that are relatively well-governed. As a result, the average African undoubtedly experiences even poorer governance than the continental averages suggest. The rough correlation between poor governance records and poor economic performance is obvious.

It is especially difficult to discuss trends in African governance over time.



Data quality has improved remarkably in the last few years but projecting backward even a relatively few years is difficult.

The World Bank’s effectiveness of government statistic indicates that, relative to the performance of all countries, average African governance performance actually *declined* in the period 1996-2002.

<sup>4</sup> The remaining two African countries out of the six most populous are South Africa and Tanzania.

It may have been, of course, that the actual effectiveness of government improved across Africa but simply did so at a slower rate than the rest of the world. The data is weak enough so that it is probably only safe to say that governance across Africa probably did not improve significantly relative to the rest of the world in the period 1996-2002.

I reject the argument put forward by Jeffrey Sachs and associates that governance in Africa is actually fairly good once their low income is taken into account. They suggest that, while African governance records are poor, their per capita incomes are so low that the income-adjusted governance records are often not as bad as the absolute scores suggest. Sachs et. al. therefore come to the improbable conclusion that, for instance, Nigeria actually has an average governance record because its poor governance record is explainable by its low income.<sup>5</sup> The problem with this argument is manifold. Foreign investors, for instance, do not evaluate Nigeria's governance record in relation to its low income level but to the governance records of other countries that they might decide to send their money to. Similarly, most Nigerian investors would not ignore the weak state of their property rights because the country has a low income. The poor governance records of African countries may be explained partially by their low income but that does not excuse their performance in the eyes of investors.

Of course, African averages do hide substantial changes in individual countries. The following table lists those countries which had a change in their effectiveness of government scores of more than .5, a substantial change even considering the inherent margins of error in such measures.

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<sup>5</sup> Jeffrey Sachs et. al., "Ending Africa's Poverty Trap, Brookings Papers on Economic Activity, Issue 1, 2004, p. 120.

Improved Government Effectiveness		Lessoned Government Effectiveness	
Country	Score	Country	Score
Seychelles	.69	Sierra Leone	-1.26
Botswana	.61	Côte d'Ivoire	-0.71
Tanzania	.53	Gambia	-0.68
		Burundi	-0.64
		CAR	-0.62
		Zimbabwe	-0.57
		Guinea-Bissau	-0.53

Even while accounting for the poor data, it is probably safe to conclude that the vast majority of African countries do not have levels of governance that will enable them to integrate into the global economy, despite the good efforts that many countries have attempted over the last ten years. Indeed, the global governance bar continues to rise and, despite whatever absolute gains may have taken place, Africa is still performing relatively poorly.

### **The Real Challenges of Globalization to Africa**

From the analysis above, it is obvious that there is not one globalization challenge to Africa but several, depending on the level of economic performance and commitment to governance. While considerable debate can be generated on the fate of an individual country, the following categories can be used to describe almost all countries across the continent.

**High Performers ready to Globalize:** This category includes the very successful small states such as Botswana and Mauritius (and possibly Namibia) and the microstate of Seychelles as well as Ghana and Uganda, countries that have substantial (by African standards) populations and that have managed important reform programs over twenty years. South Africa is also in this category by dint of its relatively good governance record and its sophisticated private sector. Clearly this is a limited

number of African countries and the percentage of the overall African population that is poised to take advantage of globalization is even more restricted.

Of these countries, Botswana and Mauritius already have growth rates that are close to the high rates of East Asian countries. However, the two are substantially different in their export profiles. Mauritius has already attracted significant foreign investment and has broken into a variety of export markets with clothes and other light exports. In contrast, Botswana has grown while remaining dependent on diamonds. It has attracted significant foreign investment for minerals but for nothing else.

Both Uganda and Ghana were failed states in the 1980's. However, they have had growth rates of 5-6% in the last twenty years that reflect the revitalization of their private sectors. Their absolute level of economic development is not impressive simply because they spent so much of the last two decades making up lost ground but both are now increasingly studied as destinations for foreign investment.

In this group, South Africa is obviously in a distinct subcategory. It has a private sector whose mass and sophistication dwarfs the other countries. However, South Africa at this point can only be considered a country on the verge of globalization. Its export profile is still dependent on the export of a few minerals, a typical African pattern. It has yet to demonstrate the ability to attract a significant amount of foreign investment or to export large amounts of non-traditional exports.

**Countries on an upward trajectory:** These are countries whose governance records place them in the top quarter of the African continent. They generally have governments that are an improvement over the recent past and are growing. However, they have not sustained reforms long enough to assume that they will not

deviate from a high growth path in the future. Their private sectors are buoyed by their recent performance but most businessmen do not believe that economic policy is credible enough to risk significant amounts of their own money. There may also be significant doubts about the capabilities of their private sectors, given how poor they are and their histories of state-led economic development. The classic example in this category is Mozambique, given its high growth rate off of a very low base. Mozambique has done very well for the last decade but its exceptionally poor infrastructure means that it has a limited ability to take advantage of globalization. Other examples might include Benin, Madagascar Senegal, and Tanzania.

**Large, poorly performing countries:** Democratic Republic of the Congo, Ethiopia, Nigeria, and Sudan fall into this category. These countries have massive populations but their economies are largely in shambles and they have, as noted above, low per capita incomes by African standards. They have not managed to commit themselves to policies that guarantee sustained growth and all have in the past or are now experiencing considerable conflict. They may attract significant foreign investment attention because of their resources but their governments have yet to credibly commit themselves to policies that sustain growth. They may experience growth depending on resource prices but these positive shocks do not have that much affect on the economy as a whole.

**Poorly performing countries:** The majority of African countries are treading water. They have poor governance records by international standards and, in Africa, their records generally fall between the 25<sup>th</sup> and 75<sup>th</sup> percentile. Their real per capita growth rates are close to zero. They are not, however, near collapse. Rather, they

face a slow grinding down of their economic institutions. Burkina Faso, Cameroon, Kenya, Malawi, Republic of Congo, Rwanda, and Zambia are certainly in this category. Many African countries (including the Sahelian countries of Burkina Faso, Chad, Mali, Mauritania, and Niger) face such severe ecological constraints that they may not be able to grow. There is little chance that countries in this category will be able to grow in the near future.

**Countries in Collapse:** There are a significant number of countries in Africa that are in the midst of institutional collapse. They have low per capita incomes and poor, and declining, governance scores. Central African Republic, Côte d'Ivoire, Guinea, Liberia, Sierra Leone, Somalia, and Zimbabwe have no chance of development in the future. For this category of countries, development is not even on the agenda. Rather, the most that they can hope for through the medium term is to avoid institutional collapse and perhaps to begin to establish the preconditions for development.

**Oil producing countries:** Oil is a significant enough resource that it may cause a distinct set of development prospects. Angola, Cape Verde, Equatorial Guinea, and Gabon, among others, may have high growth rates due to petroleum resources but they will not develop unless they radically improve their governance rates. Nigeria is also an oil-producer but, unlike these countries, it has a far larger population. The record to date suggests that the dramatic cash inflows produced by oil assets usually inhibits such governance improvements.

## **The Differential Challenges of Globalization**

Countries in the different categories face very different growth prospects. It is only the countries in the first two categories (high performers or those in an upward trajectory) that have the domestic prerequisites to potentially take advantage of the opportunities offered by the global economy. Countries in the other categories have to implement significant domestic reforms before they can hope to grow again. Oil producing countries, which may grow despite their poor policies, are in a category by themselves. Globalization for countries in the poorly performing categories is mainly a threat, potentially offering guns, narcotics, and other “bads” that also flow through the international economy. While the analytics of the globalization challenges for those countries that are performing are interesting, they are outside the scope of this project.

Thus, approximately a dozen African countries of varying sizes (but tending toward relatively small populations) may benefit from globalization in the future given that they at least potentially have the domestic policies in place to grow. While the specific challenges that these countries face obviously varies, there are some generic problems that can be explored:

**Location:** The location of African countries is a problem in two respects. First, most African countries will not be able to engage a dynamic regional market. Indeed, although regional integration has been discussed for forty years in Africa, the truth is that most African countries have performed so poorly that they have essentially no market power. Sub-Saharan Africa probably accounts for less than 1% of total world economic product. As a result, countries that seek to export more will have to operate

in far-way markets where they have no immediate advantages in languages or personal contact and where trading networks must first be established.

Second, African countries have a poor “brand” image. Many investors shy away from any commercial opportunity in Africa simply because the continent is so uniformly associated with decline, disease, and instability. Indeed, this paper’s focus on the heterogeneity of Africa is an explicit attempt to pierce this prejudice. For instance, many investors place their money in Vietnam instead of an African country with much better governance rankings simply because they feel that the Asian countries are somehow destined to do better. This is, of course, a self-fulfilling prophecy. As a result, some African countries which have adopted very difficult reforms find that they still are not considered a destination for foreign investment because the continental reputation colors their efforts. Successful African countries therefore have to breakout of this image.

Southern African countries may have an advantage in brand reputation. There is the only region where there are a significant number (Botswana, Mozambique, South Africa) of countries that are poised to benefit from globalization. It is also the only region where the dominant country (South Africa) is doing relatively well. In the other regions of Africa, the dominant country is either the source of significant problems (Nigeria in West Africa, DRC in Central Africa) or not a source of particular economic dynamism (e.g., Ethiopia in the Horn). Of course, Zimbabwe’s horrific record over the past ten years shows that, even in Southern Africa, there is significant differentiation.

The African Union has attempted, indirectly, to address the brand issue through the peer review mechanism of the New Partnership for Africa’s Development. The AU is attempting to establish a set of governance norms for the

continent. This is an important intellectual development as Africa has now taken responsibility for its own development. However, the NEPAD peer review mechanism has not yet been tested to see if it can actually improve governance in country's with poor records of performance. That Ghana, Mauritius, and South Africa were among the early countries to volunteer to undergo the peer review process suggests that the immediate result of the peer review mechanism may be to credential those countries that are doing relatively well rather than dramatically improve the records of countries that are performing poorly. Of course, helping direct attention to Africa's high performers is important in and of itself but will not immediately change the hierarchy of countries described above.

**Comparative Advantage:** To date, African countries have largely had a comparative advantage in a few minerals or crops that, at most, have provided the platform for further investment. In general, raw material production has not led to widespread growth and, in particular, generally fails to produce many jobs. To participate in the global economy with some degree of success, African countries will have to develop comparative advantages in relatively labor-intensive manufacturing. This sounds easy because most African countries appear to have large numbers of people who will work for incredibly low salaries. However, manufacturing in even relatively well-performing African countries is actually quite expensive because the amount of skilled labor is very limited and because the cost of doing business--once electricity, taxes, the ports, telecommunications, security, and all other expenses are factored in--tends to be very high. For instance, many African manufacturing operations have to have separate generator facilities because the electricity goes off so frequently. All

of these problems will have to be solved before African countries can become providers of manufactured products.

The other problem that African countries face when developing relatively labor-intensive raw materials is the competition, especially from China and India. These two giants have a seemingly inexhaustible supply of low-cost labor in business environments where most business transactions are relatively less expensive. Since World War II, the general model of development, especially in East Asia, is that industries such as clothing migrate out of a country as soon as it begins to develop because growth places upward pressure on wages. This pattern may not recur because labor intensive industries may “get stuck” in China and India for many years to come. Developing a vision of how to participate in the international economy given the seemingly permanent low-cost competition from the Asian giants will be a continuing challenge for all African countries.

**Insulation from Neighboring Troubles:** In the African countries that could potentially be successful globalizers in the near-term, there are not impressive security problems. There may, as in South Africa, be problems of crime that are so great as to affect business calculations but there is little threat of politically-inspired instability in the near future. However, surrounding these relative African successes are problem states. Trouble across the border is hardly surprising given the increasing differentiation of Africa. For instance, Zimbabwe could threaten its relatively successful Southern African neighbors, Ghana could be destabilized by Nigeria, and the political vacuum in the DRC could potentially destabilize Uganda. Each country must develop ways of insulating itself from regional instability. Indeed, at this point, policies of regional insulation are probably more important than policies of regional

integration that have been discussed *ad nauseum*. Southeast Asian countries managed to insulate themselves from Vietnam and Burma for many years when those lands were troubled and African countries that are potentially on a trajectory to succeed will probably have to take similar steps.

**Developing a Political Consensus around Growth:** Even the relatively well performing African countries have yet to develop widespread popular support for an overall vision of market-based growth with a high degree of involvement in the international economy. For instance, in Botswana and South Africa, there are significant, politically-inspired, restrictions on the use of skilled foreign labor, even though both countries have skill gaps that impede growth and despite the heavy use of foreign skilled labor by non-African countries that have developed in the past. Many African countries are also ambivalent about taking the necessary steps to attract foreign investment. Thus, in many African countries there are restrictions on the ability of foreigners to own land. For African countries to succeed, they must somehow develop the widespread consensus on the need for growth that has been a fixture of many Asian countries. Once such a political consensus has been developed, it will be easier for leaders to tackle the politically-inspired constraints that now hinder investment. A nationwide political consensus on the value of globalization will also be a strong signal to domestic and foreign investors that the government has made a credible commitment to pro-growth policies and is therefore a viable destination for investment.

All of the African countries that have been identified as potentially successful globalizers now have multiparty elections, although the quality of their democracy varies, especially as many do not have well-developed opposition parties, parliaments

that function beyond simple procedures, and a vibrant media. However, there is now enough political space in all of these countries for a serious debate on globalization to occur, and therefore the opportunity exists for leaders to mobilize their constituencies around the measures that must be taken to promote integration in the international economy.

### **Conclusion**

The recent debates around Africa that coincided with the Gleneagles G-8 summit and the publication of the Blair Commission's report tended to homogenize Africa. The attempt to mobilize a large number of people worldwide to help Africa through the pleas of rock stars and movie actresses required commentators to talk about a more-or-less homogenous Africa and to suggest explicitly that there was one solution for all countries. The common theme of all these discussions was that Africa as a whole was incapable of developing without massive foreign assistance. This paper has argued the opposite: Africa is becoming increasingly differentiated and it is only by understanding the emerging contrasts that the exact challenges and opportunities for each country can be understood. It is unfortunate that only a minority of African countries are poised to exploit globalization but to say otherwise would be to let hope obscure reality. It would be equally incorrect to overlook the achievements of the countries poised to benefit from globalization in getting to this difficult point. They face a number of significant challenges to productive participation in the international economy that hopefully can be addressed by the experiences of other countries studied in this project.

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