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**AFRICA'S TRAJECTORY: THROUGH THE  
LONG LENS**

**PHILIP GREEN**

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**OCTOBER 2007**

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## **Africa's trajectory: through the long lens**

**Philip Green**

*The following Lowy Institute Perspective is drawn from a speech the author made to the Lowy Institute on 11 September 2007.*

I arrived in Dar es Salaam, Tanzania in December 1985, my first experience of the African continent. It was at the tail end of Julius Nyerere's long tenure as president of the United Republic.

A hero of decolonisation, Nyerere had achieved much in forging a nation from a constellation of a hundred or more tribes. In fostering a national language, mandating universal education, and developing national consciousness and harmony among Tanzania's disparate faiths and peoples, Nyerere had attained more than virtually any of his contemporaries.

But, in economic terms, his government had failed badly. In fact, I think that my first month in Dar es Salaam may have coincided with Tanzania's economic nadir. You see, the country had literally run out of fuel. With the exception of government ministers and a select few senior officials, fuel was simply not available to anyone, anywhere.

An Iranian tanker lay off the port city, plainly visible from the coast. But it would not dock. Even the Iranians – despite their keenness to demonstrate support for one of Africa's liberation heroes – were wary of Tanzania's credit. The authorities in Teheran had decided that Tanzania must pay a third of the value of the shipment – something around six million dollars – before the tanker would dock and unload its cargo.

But the Tanzanian government did not have six million dollars. It was bankrupt. So the nation waited. It took ten days for the government parastatal responsible for coffee marketing to sell enough of the commodity to traders in Europe to be able to afford the down payment on the tanker's fuel.

Tanzania is the homeland of my wife, and one of the nationalities of my children, so I tell this story with no negative sentiment for that fine country. I tell it because it always reminds me of how far Africa has come.

In 1985, many Tanzanians dressed in rags. The importation of clothes, like the vast majority of consumer goods, was still illegal. Shortages of all sorts of consumer products prevailed. In my first weeks in Dar es Salaam, I was taken to a supermarket. Its shelves were bare, except for one section of one shelf – and those goods there were mostly odd Chinese foodstuffs that neither I nor most Tanzanians wanted.

Dairy products were simply not sold in any shop or market – if you wanted milk, you needed to know someone with a cow.

The road system was a wreck. The common joke was that in Tanzania you could identify a drunk driver not by the fact that he swerved as he drove, but because he went straight – so common were potholes in the road.

Air Tanzania was nicknamed ‘air labda’. Its services were so unreliable that it was known by the local equivalent of ‘air maybe’. A telephone was a genuine luxury. Getting access to a crackly line that would frequently be out of service took a very good contact and a very long wait.

Attempting to make its currency go further, the government – the only legal source of foreign exchange – set the value of the shilling at an inflated rate. As a result, a black market for foreign currency flourished. From a trader, a foreign note would buy seven times as many shillings as you could get at the bank.

State finances were a shambles. The government was certainly spending more than it earned, but how much, no-one – not even its own bureaucrats – could tell. So much was there to hide that eventually someone burnt down the ministry of finance – ensuring that whatever chaotic records and other secrets it held would never be uncovered.

As for opposition parties and contested elections – they were still far off. Tanzania was ‘a nation of workers and peasants’. Chama Cha Mapinduzi, the party of revolution, was the only legal party. The daily news, its mouthpiece, was the only English newspaper. Radio Tanzania was the only outlet for electronic media. On mainland Tanzania, television did not exist.

These days, I visit Tanzania most years for the Christmas season. I'm pleased to say that things there have changed. Now, Dar es Salaam booms. New shops, shopping centres, and now malls are springing up around the capital. South Africa's Woolworths is a notable new arrival – one of the many foreign companies choosing to invest.

Consumer goods of all types are readily available. On my last visit, my niece was showing off her snazzy lap-top. I asked where her father had got it – expecting the answer to relate to one of his foreign business trips. 'Oyster Bay shops', she replied, as if it had always been a major outlet for high-tech goods. Notwithstanding the country's size and the remoteness of some of its populations, including the wandering Maasai, 97 per cent of Tanzanians have access to a mobile phone.

The country, though it still has its problems, is flourishing. This year, its GDP is expected to grow by seven per cent. The World Bank places Tanzania in the top ten countries worldwide on the reform path. *The Economist* magazine reports that, so good is its public sector financial management, many donors provide funds directly to the national treasury, rather than by funding traditional aid projects.

There is a thriving multi-party political culture Tanzania's show a lively interest in politics, and everything else that its eleven daily newspapers report.

In short, once a symbol of economic failure in Africa, Tanzania is now a great success.

### **Africa ... Doing better**

What the example of Tanzania illustrates is, notwithstanding many setbacks and exceptions, overall Africa is doing better. In some places much better. So, if the news you have from Africa is based on developments in Zimbabwe and Sudan – and I don't for a moment underrate the scale of the outrages happening there – but if you see Africa through the prism of those countries, your view of some key developments will be obscured.

Applying the long lens to African affairs, I believe that we can see some key positive dynamics. Firstly, Africa is doing better economically. Consider the following statistics:

- In the first half of the 1990s, sub-Saharan Africa's annual GDP failed to grow by a single percentage point. In the second half of the 90s, it grew on average by 3.5 per cent each year. In the first five years of this century, 4.3 per cent. Since 2005,

growth has averaged more 5.5 per cent, and the IMF predicts a growth rate of nearly 7 per cent this year (6.8). (IMF World Economic Outlook 2007).

- Other economic indicators tell a similar story. Average inflation in the second half of the nineties was over 23 per cent. In the first five years of this century, it was down to 13 per cent. (IMF)
- External debt as a percentage of GDP in sub-Saharan Africa was at 57 per cent in 1985. Now it stands around 30 per cent. (IMF)
- But perhaps the most striking of the figures relates to investment. According to the IMF, net direct investment in Africa in the 1980s hovered in the 200 million dollar zone. By 2000 it had reached 7 billion dollars; and in 2006 it was nearly 20 billion. (IMF)

Political reform has proceeded steadily in many countries. This is harder to track in statistics, but the following gives some sense of the changes that have taken place:

- Twenty-five years ago, there were just three African democracies – Botswana, Senegal and Mauritius.
- Today, at least thirty-five African countries have governments elected in multi-party polls.
- Once an unusual event, the holding of elections in Africa is no longer news. But Africa-watchers like me took special interest last year, when elections were held in the Democratic Republic of the Congo (DRC). This was the first bite at democracy for a country that has been for decades a watchword for chaos and ungovernability. The election went smoothly, and while the aftermath reflected the country's still fragile political system, the DRC's first outing in the democratic world was overall a success.

Together with economic progress and political reform, stability is steadily coming to Africa. In an earlier era, a key symbol of the instability of Africa was the proliferation of coups and military governments. The statistics bear this out. According to the Africa Institute of

Southern Africa, there were no fewer than 24 coups on the continent in the 1960s. 22 followed in the 1970s. And 20 in the 1980s. But once again, the rot began to stop in the 1990s. The Institute concludes that there were 12 coups across the continent in that decade, and no more than five have taken place since the turn of the century.

Africa is the most conflict-prone continent on earth, but in this area too, there has been improvement. There is no reliable long-term data in this area. But in recent years, the improvement is substantial. According to the Human Security Report, the number of sub-Saharan countries experiencing one or more conflicts on their soil shrank from fifteen in 2002 to eight in 2005. This evidence of a diminishing number of conflicts is probably of lesser consequence than the significance of some of the crises that have been solved.

The last dozen years has seen the end to some of the most bloody, prolonged and intractable disputes. The end of the civil war in Angola was a landmark development for Africa. So too was the resolution of the decades-long north-south conflict in Sudan in 2005 (though the slaughter in Darfur shows that the traffic is certainly not one-way). And while conflict persists in some parts of the Democratic Republic of the Congo, the reduction of organised violence in that country, which holds so much potential, represents a very substantial step forward.

Just to give you a sense of what it might mean for the continent if the advances in stability in the Congo were to be sustained, consider the following. Many of you will know of the immense scale of China's Three Gorges dam project – I believe it is the largest engineering project currently underway globally. The DRC has its own dam and hydro project, known as the Inga scheme. It has a number of phases. Taken together, the Inga scheme is at least twice the size of China's Three Gorges project. It would have the capacity to provide power for much of Southern Africa, and new industries in this least developed of countries.

I should say that one of the factors that has assisted in the resolution of conflicts has been the increasing readiness and capability of African nations to assist in peacemaking efforts of their neighbours. This has seen success in Burundi, parts of the DRC and, latterly, Cote d'Ivoire.

Finally, in any analysis of governance improvements in Africa we need to mention the 1994 watershed in the continent's wealthiest and most developed state – South Africa. The defeat of apartheid was a landmark achievement in its own right. But it was of considerable symbolic significance too, representing the final mopping-up operation at the end of Africa's long colonial era. The way it was achieved, characterised by reconciliation rather than

bloodshed, was stunning. And the realisation of a liberal and outward-looking South Africa represented an opportunity for the development of Africa more broadly.

### **All that good?**

Now, I am very conscious that, for each of these positives, there is a qualification, sometimes even a rebuttal. Yes, I hear, elections have taken place, but is Africa truly democratic? Certainly, much of Africa is not democratic in the way that we know democracy. Too often, the legitimacy of elections is questionable. And, in many countries there is still no real electoral contest, particularly when one party can claim to be the source of the country's liberation from colonialism. As a result of these factors – notwithstanding the dozens of elections that have now taken place – my understanding is that there have only been three occasions where power has moved to an opposition party in an election in sub-Saharan Africa.

But, notwithstanding these real questions, there is no doubt in my mind that very many people in Africa, perhaps most, now have a genuine say in the selection of the leaders who govern them. Their high participation rates in elections certainly suggest that. And, certainly, their leaders are now more focussed on their people's needs than they were twenty years ago.

Economic growth has taken place, but are the people benefiting, or just a small elite? Again, the picture is mixed. It is certainly true that liberalisation, reform and growth have been a bonanza for Africa's business elites. The impact on the poor, particularly those in rural areas, has been much less pronounced. But even for them, I have seen improvements. Now at least, Africa's peasants can sell their crops at a market price. This contrasts with the picture prior to the era of liberalisation – where many governments set up state organisations as the sole purchaser of crops, and paid farmers a fraction of the real value of their produce.

For ordinary Africans in cities, I am pretty certain that growth has been to their benefit. There are millions more in productive employment, mostly in the private sector – cities like Lusaka, Arusha and Kigali now bustle along, busy with the sound of coin-clinking commerce – far from the sleepy days of socialist stagnation. Admittedly, many of the new jobs are menial and low paid. A few are degrading. And there are still not enough jobs to go around. Despite these factors, my view is that the great majority of urban Africans are better off than they were two decades ago. The sheer fact that vast numbers of Africans flee the monotony of the village every year is some indication that a better life is available in the cities.



Other doubters will question the pattern of investment. Is it not true, they will ask, that investment in Africa is skewed towards natural resources? While non-resource investment in Africa is, I believe, also rising, it is certainly true that substantially more investment is going into African countries with resource endowment than into others. But that's also true of states of Australia. And, just as it is for Australia, the rise in resource investment represents a substantial opportunity for Africa, even if it is unevenly distributed. Just as in Australia, the more telling question is how the wealth generated by resource endowment is used.

Others will say that the progress we have seen in Africa has not been enough, and that less has been achieved in Africa than in other regions. There is of course truth in this. While growth in sub-Saharan Africa has averaged 4.8 per cent since the turn of the century, developing countries in Asia have in the same period grown by nearly eight per cent per annum. But those of us who have experienced Africa's nadir, and seen how difficult it has been for many African countries to identify and embrace a better course, the progress that has been achieved is significant. It is also notable that Africa's growth is accelerating as are improvements in some other areas. It is possible that, in a couple of years time, the levels of progress in Africa might look more comparable with that in developing Asia.

Finally, amongst the questions of doubters – what about the impact of HIV and AIDS? On this subject, I regret to say, there can be no other side to give. The impact of the disease is an unalloyed negative for the continent. While the worst predictions of last decade's doomsayers – including that AIDS would wipe out the continent's elite, or cripple economic growth – do not seem to be coming true, AIDS remains a ghastly blight on Southern Africa in particular.

### **Progress real, but patchy**

Weighing up all these factors, the way that I think about the development of Africa over the past two decades is that there has been real, substantial and accelerating progress. But that progress has been patchy. There are many success stories in countries like Ghana, Botswana, Burkina Faso, Mozambique, Tanzania and even Rwanda. In a smaller number of countries, developments have been negative, some dramatically so. Most obviously, we have seen a massive, rapid, and tragic decline in Zimbabwe, almost entirely the result of appalling governance. So sharp is the deterioration there that the World Bank has questioned whether there has been another country in history that has experienced such a decline in peacetime. At much the same time, we have seen the eruption of the security and humanitarian crisis in Darfur.

One question that I have frequently asked myself is whether, in this reality of patchy progress, there is some pattern; some reason for success in some countries, and failure in others? Mostly, there seems to me to be no geographic or historical commonalities between those countries that are successful; nor between those that are not. Examples of countries doing better can be found around the continent's sub-regions – north, south, east and west. There are about the same proportion of francophones and lusophones doing well as there are anglophones.

Heartening successes sit alongside abject failures. Most strikingly, miserable Zimbabwe borders Botswana, perhaps the best example of what economic reform and good governance can achieve. Botswana has now been a democracy for over forty years. Apart from incursions from apartheid South Africa, its territory has never seen organised conflict. It has experienced sustained economic growth – in fact, its economic growth since independence has averaged around eight per cent per year. It has the highest sovereign risk rating in Africa. And its economic governance record is excellent – in fact, some Australian mining executives claim that it is an easier place to do business than Australia is.

Similarly, there is nothing immediately obvious that binds together those falling behind. There is no identifiable common feature – beyond poor leadership and governance – that binds together Zimbabwe and Sudan. There is, however, one general comment that I think we can make. And that is that there is one sub-region that has barely participated in the democratic and economic improvements seen more broadly in the continent in the last twenty years. That is the horn of Africa.

Beyond that, the best that I can do is note that those countries that are doing best are those that are stable, and whose leaders have grasped economic reform and liberalisation. Where orthodox economics is practiced, investment (foreign and domestic) encouraged and ordinary Africans are given the chance to seek to better themselves, growth follows. Of course, as countries like Tanzania and Ghana are showing, having some natural resources helps – although some countries without much resource endowment, like Rwanda, are also making good progress.

### **Why did it happen?**

So why has this change come about? I agree with Nicki Oppenheimer (the chairman of De Beers) when he says that the positive trajectory that the continent is now on results from two largely unheralded governance shifts in Africa over the past fifteen years: democracy and

liberal economic reform. (Incidentally, I also agree with him that Africa's progress has little to do with development aid, and other foreign help.)

It seems to me that there are six overlapping and interconnected dynamics that have spurred the trend towards economic reform and democratic norms in Africa.

The first factor is end of the Cold War. The defeat of the Soviet Union dramatically reduced the level of superpower competition in Africa, which in turn, over time, has allowed a number of conflicts to subside. Importantly too, the end of the Cold War brought to an end the remnants of the ideological debate in Africa about the right path to prosperity. It ensured that there was no longer confusion in Africa brought about by the contention that the socialist model of development was a credible path to success.

The second factor was the nadir that I experienced in Tanzania, and that Africans in many parts of the continent felt, in a variety of ways. The sheer depth to which the continent fell in the 1980's – known to Africanists as 'the lost decade' – seemed to me to have an impact on the thinking of Africans about their future and to spur a change in direction.

Third, while many in Africa revile the international financial institutions and their said-to-be-undemocratic influence on economic policy-making, my view is that, overall, the impact of structural adjustment programs in the 1980s and 1990s was very positive. Though painful, these programs promoted vital change, including reform of monetary and fiscal policies and an open approach to foreign investment.

The fourth factor that I identify is the example of the Asian tiger economies, and their demonstration that the route to prosperity lay in domestic policies designed to foster economic growth and foreign investment. This was vital in identifying to African countries that these were the keys to prosperity, not development aid.

Fifth, a little later, the emergence of South Africa from the darkness of apartheid had two key positive effects. It focussed minds in the continent on economic, rather than political objectives. And, just as important; it released the economic potential of South Africa to invest in Africa's productive sectors.

Finally, a receptive international economy has played its part. And, in more recent years, the global resources boom has begun to contribute to the growth in Africa's economies. Going forward, it may be an even more profound dynamic. With good prices and new demand for

Africa's resources from a range of countries, including from relative new-comer China, the way that Africa utilises its resource endowment will be a key watch point for its progress in the decade ahead.

### **Africa: hopeless no more**

In May 2000, *The Economist* magazine published an issue that jangled around the councils of Africa and amongst Africa-watchers across the globe. Its headline was as simple as it was chilling – 'hopeless Africa'. With Ethiopia and Eritrea still locked in fratricidal war, apparently endless conflict in southern Sudan, civil war in Angola, and no fewer than six African countries involved in fighting on the territory of the Congo, it was difficult to be very positive about developments in the continent. My own assessment at the time was pretty negative.

The succeeding seven years have been good ones for Africa. They have reinforced the positive trends evident in the year 2000 (of which there were many), and removed some of the downsides. New developments, notably the resources boom, have offered additional scope for optimism. Overall, they have demonstrated that the 'hopeless' tag for Africa was quite wrong. While Africa still lags the rest of the world in a range of indicators, there are plenty of signs to be hopeful about its development trajectory.

## ABOUT THE AUTHOR

*Philip Green* OAM, is Australian High Commissioner to South Africa. Philip is a career foreign service officer with a strong background in Africa. He has been Australia's High Commissioner to South Africa and neighbouring countries since August 2004. He has previously served in Australian High Commissions in Tanzania and Zambia, as well as in the UK. From 1998 to 2000 he was Australia's High Commissioner to Kenya, with accreditation to Ethiopia, Uganda, Eritrea and Tanzania. He has also worked on African issues in the Department of Foreign Affairs and Trade and the Department of the Prime Minister and Cabinet and escorted Nelson Mandela on his historic visit to Australia following his release from prison.

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