“The hopeful continent”: Economic development and the performance of Sub-Saharan Africa

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Previously thought of as a ‘hopeless’ case by some, Sub-Saharan Africa (SSA) has experienced economic growth, technological progress, and communications leading to revisions about its prowess. For some, the rise of GDP, capacitation and ease of doing business, increase in exports, foreign direct investment (FDI), and societal indicators of well-being are moving SSA into the ‘hopeful’ stage and this is a sure sign of movement in the right direction. Some believe that the role of the state is crucial to the development of African countries. Others question both the free market view and the ‘developmentalist’ view for not taking sufficient account of historical experience. To what extent do these perspectives explain the economic development and performance of SSA?

Introduction

In an article entitled “Hopeless Africa”, The Economist (2000) painted a picture of a decaying and moribund continent. Many countries, such as Sierra Leone, Mozambique, Madagascar, Ethiopia and Zimbabwe were described as having “denigrated into a shambles”, “deluged by floods, famine”, and “succumbed to government-sponsored thuggery”, while “poverty and pestilence continue [d] unabated” (The Economist, 11/5/00). Just over a decade later, there seems to have been a change of heart at The Economist. Africa is now classified as “the hopeful continent” (ibid, 3/12/11). Even though countries such as Zimbabwe are still in the “hopeless” category, most others are not, and some are top 10 world growth performers (Ghana, Ethiopia and Eritrea) and reformers (Zambia). Indeed: “Over the past decade six of the world’s ten fastest-growing countries were African. In eight of the past ten years, Africa has grown faster than East Asia, including Japan. Even allowing for the knock-on effect of the northern hemisphere’s slowdown, the IMF expects Africa to grow by 6% this year [2011] and 6% in 2012, about the same as Asia” (ibid, 3/12/11; also see Table 1; Miriri, 2012:1; Moyo, 2012). This compares favourably with India’s economic growth, particularly after estimates were revised from 9 to 6-7% for this fiscal year (Lamont, 2012:1).

Despite ‘breakneck economic growth’ in countries such as Angola and Equatorial Guinea, as well as improvements in ‘economic development’ in for example Rwanda and Ethiopia, The Economist also sounds a note of caution. Arguably, ‘oil-sodden kleptocracies’ still stain the continent, Zimbabwe is still “a scar on the conscience of the rest of southern Africa”, and even South Africa, once regarded as a model for Africa, is experiencing widening inequalities and suffering from the scourge of corruption.

Notwithstanding this, The Economist argues that “some fundamental numbers are moving in the right direction. Africa has now a fast-growing middle-class: according to the Standard Bank, around 60m Africans have an income of $3,000 a year, and 100m will in 2015. The rate of foreign investment has soared around tenfold in the past decade” (The Economist, 3/12/11). In fact, the African Development Bank (ADB) estimates the middle classes to be 355 million, that is, 34% of Africa’s population in 2010 – a rise from 26% (111 million) in 1980, 27% (151 million) in 1990 and 27% (196 million) in 2000, figures which are expected to reach 42% (1.1 billion) in 2060 (Neube, et al., 2011:13; 20).
Our specific concern in this paper is to examine the extent to which the national bourgeoisie is central to the developmental process. Different perspectives give us insights into this debate. For example, The Economist cites revenues from natural resources in 2000 - 2008, demography and the development of consumer society (Elliot, 2011; Moyo, 2012). In contrast, ‘developmentalists’ invoke the ‘developmental state’ as crucial to the rise of the middle class. The national bourgeoisie is seen as central to the development of African countries similarly to the Asian Four Tigers (South Korea, Singapore, Taiwan and Hong Kong) and Japan (Evans, 1995; also see Bodiba, 2008; Chibber, 2011; Ukaegbu, 2011). Indeed President Jacob Zuma of South Africa commented in his

Table 1: GDP of 20 Largest SSA Economies (in billions of US$, current prices).

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Source: SABER 2011 (Spring, Rolfe and Parent, 2011:86)
speech at the World Economic Forum in Davos, Switzerland, that “The state prepares the environment for economic growth and provides support to the private sector by providing enablers and removing obstacles” (Zuma, as cited in the Mail & Guardian, 26/1/12). For its part, the political economy approach contends that history has often shown that the national bourgeoisie has not always been committed to the ‘developmentalist’ project, let alone concern itself with the resulting growing inequalities. It is in this light that we reach conclusions on the appropriate framework for examining changes which are taking place.

**Neo-liberalism**

*The Economist* (2011:2-3) charts the ‘right direction’ along the path of economic growth that is unencumbered by government restrictions and interference and it is argued further that “Africa’s progress is a reminder of the transformative promise of growth” (2011:4; also see Moyo, 2012). Elliot also argues that “free market/capitalist economic models need to evolve to provide economic opportunity for all. Current models still too often allow a few to control markets and opportunities. However, redistribution of, or state-dominated, wealth is not the answer, creation of new wealth is” (Elliot, 2011:1). Stuart Hall sums up this neo-liberal project in the following way: “Neoliberalism is grounded in the ‘free, possessive individual’, with the state cast as ‘tyrannical and oppressive - - - State-led ‘social engineering’ must never prevail over corporate and private interests. It must not intervene in the ‘natural’ mechanisms of the free market, or take as its objective the amelioration of free-market capitalism’s propensity to create inequality - - - State intervention must never compromise the right of private capital to grow business, improve share value, pay dividends and reward its agents with enormous salaries, benefits and bonuses” (Hall, 2011:2).

To the extent that there is a trade-off between work (income) and leisure, free market advocates see rising incomes of the middle classes *vis a vis* their changing lifestyles and increasing leisure pursuits as indicative of a healthy, prosperous and vibrant economy. For sure, spending power is arguably reflective of this trend. The most striking case is Nigeria, where a five-fold rise in GDP from 2000 to 2011 was accompanied by a surge in spending by the middle class: “A survey by Renaissance Capital found that nearly half of the country’s middle class (defined as an average monthly income of $500-$600) were planning to buy fridges, freezers and other white goods, ‘suggesting a consumer boom is under way’ ” (Smith and Lamble, 2011:3; also see Moyo, 2012). Estimates also suggest that spending will rise from approximately $860bn (£550bn) in 2008 to $1.4tn (£900bn) in 2020 (ibid: 4).

Technology and innovation in countries such as South Africa, Nigeria, Kenya and Rwanda have, so the argument goes, contributed to inter-connectedness, ‘transforming ideas into tangible, profitable ventures and improvement of livelihoods’ (Elliot, 2011:1-3; Moyo, 2012). Indeed, surveys show that the fastest uptake of mobile phones is in Africa, with 600 million mobile-phone users, more than America or Europe and only second to Asia (*The Economist*, 2011:3; Smith and Lamble, 2011:3). Given the relatively poor landline infrastructure, it is not surprising that coverage of mobile-internet services as described below in the findings of the *Sub-Saharan Business Environment Report, 2011* (Spring, Rolfe, and Parent 2011) is more extensive in Africa than even in India, while facebook users (27% of Internet users) compare favourably with Asia (18%) (Ncube et al., 2011: 27: Smith and Lamble, 2011:3-4).

It is also contended that: “Population trends could enhance these promising developments. A bulge of better-educated young people of working age is entering the job market and birth rates are beginning to decline. As the proportion of working-age people to dependents rises, growth should get a boost. Asia enjoyed such a ‘demographic dividend’, which began there decades ago and is now tailing off. In Africa it is just starting” (*The Economist*, 3/12/11; also see Moyo, 2012). Smith and Lamble also add that “The African middle classes are more likely to have smaller families, own their homes and have salaried jobs or small businesses. They tend to opt for private education and health services and send their children to overseas universities. Some are turning into conspicuous consumers, running up debts on credit cards like
their counterparts in the west” (Smith and Lamble, 2011:4). To keep the neo-liberal project alive, catching up with developed countries also assumed ideas about ‘social capability’, that is, that catching up will only take place if developing countries have certain social characteristics – education system, governance etc (Abramovitz, 1986; Elliot, 2011; Moyo, 2012). Citing vibrant market capitalism in Africa as “dragging millions out of poverty and into shops”, Moyo (2012) concludes that it is a "poignant irony that the isolated continent will succeed by following the rules of the market that the rest of the world forgot”.

What is likely to threaten the smooth running of this neo-liberal project is, not only the new-found political activism of the educated and affluent middle classes - the Arab Spring and other hotspots in Africa being cases in point – but, crucially, the “excluded social forces, whose consent has not been won, whose interests have not been taken into account, [who invariably] form the basis of counter-movements, resistance, alternative strategies and visions” (Hall, 2011:6). Interestingly enough, 250 years earlier the same conflicts and contradictions were exercising Adam Smith’s imagination: “But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments, of the most free as well as of the most despotical”.

Developmentalism

In his account of developments in Kenya, Miriri notes that, just as the ‘rich and new middle classes’ were acquiring ‘tastes for lattes and ice cream’ (Miriri, 2012:1), hundreds of thousands of families were at the same time going hungry, living in crowded conditions and lacking basic services such as sanitation (Miriri, 2012:5), and many young people were unemployed. It is to this disaffected section of society that the developmental state makes its pitch, even as some of the "goodies' such as access to telecommunications (see SABER 2011 data below) make their way to the poor.

According to Evans (1995), a managed market economy involves developmental planning, that is, the state ‘supporting and guiding’ the market economy. ‘Best practice’ technology can be borrowed from elsewhere and adapted to the local conditions. Moreover, just like in Taiwan, there needs to be a domestic saving ethos, one which is also further encouraged by incentives such as interest rates. Unlike the predatory state such as President Sese Seko Mobutu’s reign (1965-1997) in Zaire (Democratic Republic of Congo), whose primary aim is to extract resources without giving anything back and whose characteristics include authoritarianism, nepotism and cronyism, the developmental state co-operates with all stakeholders such as trade unions and industry to bring about industrial transformation. It takes account of people’s concerns, although it does make the final decisions (relative autonomy). Indeed, an institutional framework must be in place, one that will enable the state to co-ordinate and monitor long-term industrial strategy, consult and involve all interested parties in the formulation of industrial policy and industrial strategy. There must thus be well-developed bureaucratic structures in which selective recruitment is conducted on the basis of merit or formal competence (meritocracy). In addition, informal networks (social ties) will serve to bind individuals to well-defined and coherent corporate goals (also see Bodiba, 2008:35-37; Chibber, undated: 2; 2011:3-7; Ukaegbu, 2011:1-2). Apart from the pursuance of education and industrial training to support industrial policy that is aimed at, amongst other things, job creation, it is also proposed that subsidies (“the carrot”) will cajole the national bourgeoisie to back the government’s long-term industrial policy, while the very threat of their (subsidies) withdrawal and other punitive measures (“the stick”) will serve as the necessary discipline to keep the industrialists in line (see Chibber, 2011:4-5; also see Netshitenzhe, 2011).

Although South Africa, for example, has not been able to control banks to the same extent that the Four Tigers were able to divert credit/finance according to ‘the plan’, its ‘New Growth Path’ framework (2010) has been presented as a way of emulating the latter: “This would be done through investment in infrastructure, education and skills development. The government was also trying to create more opportunities for people on a ‘mass scale’ in infrastructural development, agriculture, mining and beneficiation, manufacturing, the green economy and tourism” (Mail & Guardian, 26/1/12; also see
Naidoo et al., 2012; Vecchiatto, 2012; Zuma, 2012). Speaking at the World Economic Forum in Davos, President Zuma added that ‘incentives and enablers to boost employment-creating economic activities’ were already in place, while public works programmes were designed to provide short-term employment” (ibid). Besides, the provision of social grants in South Africa is also designed to address Miriri’s (2012) grave warning (for Kenya) about the contradiction between economic growth and growing inequalities: “Zuma said the social assistance programme created a ‘caring society’ “ (Mail & Guardian, 26/1/12).

The Political Economy Critique

In a wide-ranging critique of developmentalism, Chibber argues that a number of myths about the impact of the developmental state stem from the failure to critically examine the historical experiences of those countries that adopted this model (Chibber, undated; 2011). While there were some successes in economic growth, these were often accompanied by a burgeoning fiscal drag in support of an inefficient and complacent private sector.

According to Chibber, the developmental state was premised on three misconceptions or ‘stylized facts’. First, protection of (strategic) industries and subsidisation were not only seen as a way of emulating (catching up with) Japan, Germany, and Russia, but the infant industry approach was also designed to establish the domestic capitalist class and insulate industry from international competition from the USA, Japan, and other developed countries. Second, it was contended that all stakeholders (‘political elites, state managers, the domestic capitalist class and, to a lesser extent, workers) were committed to a commonly-agreed purpose, to a common mission. Finally, the state was often cast as having the upper hand in its dealings with business (relative autonomy of the state), that is, that rapid industrialisation was synonymous with ‘state-led development’ (Chibber, undated:2-4; also see Netshitenzhe, 2011).

What was not envisaged, as Hall (2011) observed, was the potential for conflict, not only between the state and the ‘excluded social forces’, but also between the state and sections of capital (also see Ndhlovu, 2011b). Arguably, without a developed institutional framework or institutional capacity, this ‘common project’ (dirigiste dogma) is likely to flounder.

Moreover, once import substituting industrialisation (ISI) had helped to block international competition, monopolies were no longer under any obligation to become more efficient, nor did they feel pressured to go along with the state’s developmental project. Their priorities were different from those of the state and they increasingly “regarded the disciplinary component of ISI as an unacceptable encumbrance” (Chibber, 2011:11; also see Chibber, undated:7). In fact: “Business groups in these countries accordingly waged a campaign in which they called for, and supported, central coordination of economic policy while at the same time fighting strenuously against measures which would give planners any real power over investment decisions” (Chibber, undated: 7; also see Chibber, 2011:12).

Chibber suggests two alternative solutions: (a) that, given a well-developed institutional framework and a determined political leadership to enforce the discipline on miscreants, some Korean-type development may be a possibility or (b), gradually allowing “imports to enter into selective lines - - - The external pressure could be expected to incline firms to accept an alliance with the state and its developmental agencies” (Chibber, 2011:20). In the first case, authoritarianism (as in South Korea and Taiwan) is not a necessary condition for success since there are examples where relative success was achieved within a democratic context. The success of the second case may be curtailed by the relatively small size of the market in developing countries (Chibber, 2011:20-27). Organised labour, if its leaders are not co-opted by political elites, can also play a pivotal role in the success or otherwise of national development. It is in this light that economic performance of Sub-Saharan Africa (SSA) can be examined.

Using SABER 2011 data and findings to show economic performance
The SABER 2011 report (Spring, Rolfe, and Parent, 2011) has data to confirm SSA's enhanced performance using its research on updated country findings and business analysis focusing on the twenty countries with the largest GDPs (Table 1) grouped into four sub-regions - West Africa, Central Africa, East Africa and the Horn, and Southern Africa. SABER's assessments, that are based on extensive research using print and on-line sources, as well as databases, provide some data to evaluate the theoretical ideas of this paper. Certain questions and debates can be proposed for consideration. How reflective is GDP of a country's wealthy equity? How does FDI show confidence in a country's stability? How does health spending reflect wealth distribution? How do gender indices reflect gender parity? How does ease of doing business affect resource management, entrepreneurship, job creation? What effects do financial markets have on the economy and GDP? What helps national economies in the creation of more "haves" versus "have-nots"? Does state intervention either through managed "best practices" or the private "free-market" with or without developmentalist goals in mind structure all outputs that are related to performance outcomes? While governments set conditions for infrastructural, extraction industries, and public utility regulations, the population believes it is contributing to development with its consumption of such things as mobile technologies and labour.

Some examples from the SABER 2011 data (Spring, Rolfe and Parent, 2011) illustrate government development planning and regulatory methods, separately or in tandem with local and international (foreign direct investment - FDI) and private sector deals. The topics considered here include: oil extraction and processing (government and FDI); the ease of doing business (government regulation of the private sector); financial markets (private sector with financial transparency and accountability, but affecting national GDP); telecommunications (a mix of government regulation and private initiative with widespread access to all levels of the population); and societal equity in terms of gender indices (government and private sector affirmative action initiatives, plus the affects of wider access to health care and education for girls and women). Comments on South Africa's responses end the section.

Oil is one of the major contributors to economic growth and GDP. Its development is often spurred on by FDI for exploration, more recently in joint ventures with government entities and national host companies. Refining processes for petroleum products in Africa depends on the country and the origin of the FDI. China does not (yet) have such plants in Africa, while European and North American companies do in some African countries. SABER 2011 considered political stability, governance issues, and corruption in relation to FDI for resources including oil and minerals, as well as agricultural resources such as farmland and timber, and suggests that African countries with resources and higher corruption scores allow their resources to be extracted and exported at cheaper rates. Oil, in particular produces fast and high growth rates in GDP.

The oil producing countries (Angola, Equatorial Guinea, and Sudan) had the highest growth while Ethiopia had the highest growth for a non-oil country. Single commodity-based countries had high exports and high FDI: Nigeria (99% oil), DRC (96% minerals), Republic of Congo (99% minerals), Equatorial Guinea (97% oil), Gabon (94% oil), Angola (95% oil), and Cameroon (82% oil). Oil production from Ghana is around 10% currently, but the potential is generating large amounts of FDI and government regulatory legislation. Uganda also seems to have potential, and similarly-related FDI for exploratory endeavours has commenced. While Angola, Sudan, and Congo are China’s largest suppliers of oil in SSA, China purchases most of this oil on the open market and, following western companies that have processing installations, the Chinese oil company Sinopec has established joint extraction agreements with the Angolan state oil company Sonangol (Zhao, 2011a; 2011b).

**Ease of Doing Business**
SSA has huge variation in the ease of doing business, with the Central African countries being at the very low end of rankings (DRC, Republic of Congo, Equatorial Guinea, Gabon), while West Africa's Ghana, East African countries (Ethiopia, Kenya and Uganda) being in the mid-range, and Southern African countries (South Africa, Botswana, Namibia) being at the top. In 2010, 3 of the world's 10 top countries as overall growth performers were African (Ghana, Ethiopia, Eritrea). Besides, several had reformed all or part of the business process as measured by the World Bank and the IMF. Zambia was in the 5 highest reformers worldwide.

Zambia's ‘Doing Business’ ranking changed from 84 in 2010 to 76 in 2011 (due to a 36-point jump to a rank of 57 in starting a business, as well as smaller improvements in registering property), making Zambia one of the top business reformers in the world. In Mozambique, a simplified licensing system in 2011 and the elimination of minimum capital bank deposits improved its Doing Business rank by 31 points for starting a business.

Doing Business indicators (World Bank IMF websites) show the ranks for Africa's 20 largest GDP countries in comparison with 183 countries of the world and with other SSA countries. For the world's ease of doing business, South Africa is at 32 (34) followed by Botswana at 50 (52) in the 2010 (2011) rankings. Considering only the 46 SSA countries, South Africa, Botswana and Ghana are number 2, 3 and 5 respectively. Considering the sub-indices, Kenya and Namibia are 32 and 37 (of 183) in dealing with construction permits, Ghana and Botswana are 31 and 42 (of 183) in registering property, South Africa and Kenya are 2 and 6 in the world in getting credit. South Africa ranks high at 10 in protecting investors with Ghana, Botswana and Mozambique at 47. Botswana ranks at 18 in paying taxes with South Africa, Zambia, and Ethiopia behind at 23, 36, and 41 respectively. In Senegal, Ethiopia, Mozambique, and Zambia it takes 8, 9, 13 and 18 days respectively to start a business while to register property in Sudan, Mozambique, Namibia, and South Africa it takes 9, 16, 23, and 24 days respectively.

**Financial Markets**

Does the presence of stock markets act as a barometer of a nation's economic prowess? Spring (2009) and McDade and Spring 2005) respond to this question in the affirmative, contending that standards of financial transparency and accountability are part of the requirement to start with. Over and above that, they function in today's world on the worldwide web, and can be followed for performance and in their relations to GDP, business acumen, and access to the national population (as well as for the international financial community) for investments. Seventeen of SABER's twenty countries have stock exchanges; two regional exchanges are shared by six countries, and 11 countries have their own. Share indices rose in 2010 and into 2011 in almost all exchanges compared to the crisis years of 2008 and 2009.

The World Economic Forum's *Global Competitiveness Report 2010-2011* noted that South Africa's securities exchange regulation is the best in the world. The Johannesburg Stock Exchange (JSE), the oldest exchange in SSA founded in 1887, aims to be a fully integrated financial market and a gateway for foreign and African investors. Foreign investors continued to increase their holdings in JSE equities and grew their net investment in the money market in 2010 and 2011. The East Africa Securities Exchanges Association was constituted in 2008 to strengthen the four East African stock markets in terms of capacity, integrity, and accountability.

**Telecommunications**

In the contemporary world, communication for business and economic performance, health and education, and societal well-being demonstrate the "hope" of Africa and the involvement of the population in development. Although SSA has very low landline usage, mobile phones are often used for ‘texting’, banking, as well as internet services, while computer centres are mushrooming. South Africa had the highest number of landlines (4.4 million subscribers about 8.4% in 2010), but this number is small and landlines are decreasing everywhere in SSA, as mobile phones are increasing dramatically.
Botswana has the highest mobiles per 100 inhabitant rate of 118, presumably of subscribers that have multiple mobile phones and sim cards, followed by Gabon (107) and South Africa (101). Subscription is over 60% in Cote d’Ivoire, Ghana, Equatorial Guinea, Kenya, Namibia, Republic of Congo, and Senegal. Ethiopia has the lowest rate (8%), which is surprising as Ethiopia was ranked 5th in the world for GDP growth in 2010. Nigeria has the highest internet usage: 28% of its population has access (44 million subscribers), followed by Kenya (21%) and South Africa (12%), while elsewhere the rate is 10% or less.

Mobile phone companies are growing by leaps and bounds. Expansion throughout Africa is rapid, a combination of local and government-owned companies, competitors from India, France, the U.S., South Africa, etc. and multinational corporations like IBM. India’s Bhart Airtel is partnering with IBM, Tech Mahindra, and Spanco for expansion to 16 African countries (IT News Africa). Brightstart will distribute BlackBerry products to Nigeria, Ghana, Kenya, Cote d’Ivoire, Uganda, Tanzania, and Mozambique. Verizon has formed network alliances with Gateway Business Africa to expand Private IP network capabilities to 14 countries. Telkom South Africa has secured new operating licenses in Nigeria, Zimbabwe, Tanzania, Ghana, Kenya, Uganda, Zambia, Swaziland, and Namibia. Telecom is installing a submarine fiber optic cable connecting countries along Africa’s west coast (Africa Research Bulletin). Alcatel-Lucent and Angola Cables, Congo Telecom, MTN, Cabo Verde Telecom, Tata Communications, Telecom Namibia, Telkom SA, and Vodacom are extending the West Africa Cable System to 12 countries. Microsoft released Windows 7 and Office 2010 in Amharic. Google in collaborating with the Ethiopian government introduced Gmail in the Amharic and Tigrigna alphabets.

**Societal equity**

Gender Indices are high in many African countries, and confound easy analysis of their meaning, since women are often disadvantaged in education, access to capital, family law, etc. Several African countries rank exceptionally high on the Gender Gap Index in perspective of the world's countries (South Africa is in 12th place and Mozambique is 25th), a variable that relates to GDP. For 'Economic Participation,' Mozambique is 5th and Ghana is 15th worldwide. Botswana ranks first for gender parity and education attainment, Namibia is 34th and South Africa is 43rd. In Political Empowerment, South Africa ranks 9th, Mozambique is 11th, and Angola is 24th. Labour force participation is near parity in many countries, but men and women are paid different rates (lowest pay discrepancy is 10% in Mozambique compared to 58% in Nigeria and 66% in Cote d’Ivoire). Women’s Participation in Parliament is high (South Africa–45%); Mozambique and Angola–39% each; Tanzania and Uganda–31% each; and Senegal–23%) (also see Ndhlovu, 2011c).

**South Africa: an economic hub**

The South African economy with its huge extractive sector, and sizable manufacturing and service sectors, dominates the Southern tier of Africa, and some would argue all of SSA. There are 100.5 mobile phone subscribers for each 100 inhabitants, and mobile banking and payment services are well developed. Public expenditure on health is the 3rd highest in SSA. Host to the World Cup in 2010, South Africa as a business hub underwent a government-enacted affirmative action programme called Broad-Based Black Economic Empowerment (B-BBEE) to entice companies to increase ownership, management, and employment to categories of people disadvantaged by apartheid (Ndhlovu, 2011a; 2011c; Ndhlovu and Spring, 2009). In his State of the Nation address, President Zuma outlined amendments to B-BEE; these would not only “criminalise fronting and other forms of empowerment misrepresentation”, but also enforce compliance regarding reservation of 2% of employment in the Public Service for disabled people, bring about a Women Employment and Gender Equality Bill, and outlaw abusive practices of labour brokering, while enacting legislation to protect vulnerable workers (Zuma, 2012).

South Africa’s industrial policy has sought to emulate the Four Tigers and, especially China (Antonio, Trigo, and Spring, 2011; Spring 2009), in seeking to boost the contribution of the manufacturing sector to GDP from around 14% to close to the 20% figure 10 years ago. Zuma identified the lynchpin of the New
Growth Path as state-led “infrastructure development, tourism, agriculture, mining, manufacturing and the green economy” (Zuma, 2012). Similar to China’s Special Economic Zones (Ebenstein, 2012), he also argued that, in order to address “the triple challenge of unemployment, poverty and inequality”, the Infrastructure Co-ordination Commission was charged with presiding over “five major geographically-focused programmes, as well as projects focusing on health and basic education infrastructure, information and communication technologies and regional integration” (Zuma, 2012). To ensure social cohesion he suggested providing a one billion rand guarantee fund for “people earning between three thousand five hundred rand and R15,000 - - - to obtain housing finance from an accredited Bank”.

The devil, however, is in the detail. Lessons can be learnt from the South Korean government (1967 – 1979) which sought to overcome opposition (from sections of the bourgeoisie) to its development agenda. In the Korean case, import licences were accorded to producers on condition that export targets in specified markets were met. The introduction of EOI on top of ISI meant that industrialists, unlike those in other countries such as India, had to demonstrate success in the export markets before being granted access to the protected home market (see Chibber, undated:12-14; 1999: 2002; 2011: 16-18; Dornbusch and Park, 1987). The South African government’s room for manoeuvre will also depend on “particular forms of social organisation and governance” (Netshitzenze, 2011: 7) and the balance of class forces.

Conclusion

SABER’s data and the analysis of perspectives on the “hopeful” continent at a period of global economic crisis has re-opened debates about whether or not the way forward is via free markets as suggested by The Economist or through the emulation of Japan and the Four Tigers and, now China. The political economy approach posits tensions between the state’s management of the economy and the class prerogatives of the capitalists that are predicated on profit making. While neo-liberals may draw comfort from pressures for liberalisation, the resulting inequalities means that the ‘excluded social forces’, together with the educated and affluent middle classes are a threat to such a project. Evidence suggests that the political economy approach presents a strategic examination of the process of change in the “hopeful continent”.

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