



Editorial

Is Africa at a Crossroads?

No one knows the history of the next dawn.

—Yoruban saying

From the early 1960s through the 1990s, the rapid growth and industrialization of the first developing regions in Asia—Hong Kong, Singapore, South Korea, and Taiwan (the “Asian Tigers”)—fascinated the world. In the early twenty-first century, however, attention has shifted to new economic powers in the making—the BRIC countries (Brazil, Russia, India, and China). Like the Asian Tigers, the BRICs are not only well under way in their economic development but also share huge local markets.

With regard to Africa, though, the widespread occurrence of HIV, civil wars, genocide, corruption, coups d’état, inequality, and insecurity, as well as the persistently high levels of poverty that plague the continent, cast it in a negative light. Nevertheless, breathtaking changes taking place there give us good reason to be optimistic about the future of Africa. Indeed, we may be witnessing the birth of the “African Lions.”

Many of the 53 countries in this diverse continent face considerable political, social, and economic challenges. Some still contend with severe poverty, disease, and civil war. In this context, what future can Africa expect in the globalized world? How can the continent become economically viable and competitive? Can Africa produce its share of countries like the Asian Tigers and BRICs—the African Lions?

Let’s look at some numbers from research recently published by the McKinsey Global Institute:

\$1.6 trillion: Africa’s collective GDP [gross domestic product] in 2008, roughly equal to Brazil’s or Russia’s. . . . The continent is among the world’s most rapidly growing economic regions.

\$860 billion: Africa’s combined consumer spending in 2008

316 million: the number of new mobile phone subscribers signed up in Africa since 2000

60%: Africa’s share of the world’s total amount of uncultivated, arable land. . . . With [this amount of] land and low crop yields, Africa is ripe for a “green revolution” like the ones that have transformed agriculture in Asia and Brazil. . . . [Such a revolution] would be enormous in terms of raising rural incomes, boosting GDP growth, and creating huge new business opportunities.

52: the number of African cities with more than 1 million people each

20: the number of African companies with revenues of at least \$3 billion

\$2.6 trillion: Africa’s [projected] collective GDP in 2020

\$1.4 trillion: Africa’s consumer spending [by] 2020. . . . The continent’s five largest consumer markets in 2020—Alexandria, Cairo, Cape Town, Johannesburg, and Lagos—will each have more than \$25 billion a year in household spending and be comparable in size to Mumbai and New Delhi.

1.1 billion: the number of Africans of working age [by] 2040. . . . Africa’s labor force is expanding more rapidly than anywhere in the world. The continent has more than 500 million people of working age (15 to 64 years old). By 2040, that number is projected to exceed 1.1 billion—more than in China or India.

128 million: the number of African households with discretionary income [by] 2020. . . . Africa already has more

middle-class households (defined as those with incomes of \$20,000 or above) than India. The rise of the African urban consumer is serving as a new engine of domestic growth.

50 percent: the portion of Africans [who will live] in cities by 2030. . . . By 2030, the continent's top 18 cities could have a combined spending power of \$1.3 trillion. . . .

In 1980, just 28 percent of Africans lived in cities. Today, 40 percent do—a portion close to China's and larger than India's—and this share is projected to increase.¹

Moreover, according to the institute,

While poor government policies, wars, and other events could disrupt growth in individual countries, our analysis suggests that Africa's long-term economic prospects are quite strong, . . . propelled by both external trends in the global economy and internal changes in the continent's societies and economies.

To begin, Africa will continue to profit from rising global demand for oil, natural gas, minerals, food, arable land, and other natural resources. The continent boasts an abundance of riches, including 10 percent of the world's reserves of oil, 40 percent of its gold, and 80 to 90 percent of the chromium and the platinum group metals. . . . Foreign direct investment in Africa has increased from \$9 billion in 2000 to \$62 billion in 2008—almost as large as the flow into China, when measured relative to GDP.²

Encouragingly, Africa's economic growth comes not only from commodities and natural resources, for which the continent is well known, but also from other areas:

Natural resources directly accounted for just 24 percent of Africa's GDP growth from 2000 through 2008. The rest came from other sectors, including wholesale and retail [(13 percent), agriculture (12 percent)], transportation [and] telecommunications [(10 percent)], and manufacturing [(9 percent)]. Economic growth accelerated across the continent, in 27 of its 30 largest economies. Indeed, we find that GDP grew at similar rates in countries with and without significant resource exports. . . .

Africa's recent growth was so solid that the continent was one of just two economic regions—along with Asia—where GDP rose during the global recession of 2009. Its economic growth rate is already rebounding, from 1.4 percent in 2009 to a projected 4.5 percent by 2011. . . .

The key reasons behind Africa's growth surge include government moves to end armed conflicts, improve macroeconomic conditions, and adopt microeconomic reforms to create a better business climate. In every country where these shifts occurred, they correlated with faster GDP growth.³

To analyze growth in Africa, the McKensey Global Institute spurns the traditional partition of the continent into sub-Saharan and northern areas in favor of classifying the economies of its largest countries:

Diversified economies: Africa's growth engines. Africa's four most advanced economies—Egypt, Morocco, South Africa, and Tunisia—already have significant manufacturing and service industries. . . .

Oil exporters: Enhancing growth through diversification. Africa's oil and gas exporters have the continent's highest GDP per capita but the least diversified economies. . . . The three largest producers [are] Algeria, Angola, and Nigeria. . . . These countries have strong growth prospects if they can use petroleum wealth to finance the broader development of their economies. . . .

Transition economies: Building on recent gains. Africa's transition economies—including Ghana, Kenya, and Senegal—have lower GDP per capita than the countries in the two first groups, but their economies are growing rapidly. . . .

Pre-transition economies: Strengthen the basics. The pre-transition economies [(including the Democratic Republic of the Congo, Ethiopia, and Mali)] are very poor, with annual GDP per capita of just \$353, but some are growing very rapidly. . . . Although the individual pre-transition economies differ greatly, their common problem is a lack of the basics, such as strong, stable governments and other public institutions, good macroeconomic conditions, and sustainable agricultural development.⁴

Like democracy, however, the economy is a fragile commodity throughout Africa. Nelson Mandela stressed the interdependence of freedom and economy in Africa, declaring that “freedom is meaningless if people cannot put food in their stomachs.”⁵ In the African envi-

ronment, institutional transformation must accompany economic transformation. Can Africa take advantage of its recent spurt of growth and enjoy an economic stimulus as well? Obviously, many of its 53 individual economies face serious obstacles, but the continent has considerable assets: talented people and vast resources. If Africa maintains its hard-won political and macro-economic stability, develops sound growth strategies, creates a more attractive business environment, improves its infrastructure and regulatory systems, and entrenches good governance at an institutional level, African Lions might roar throughout the continent and the world.

Rémy M. Mauduit, Editor

Air and Space Power Journal—Africa and Francophonie

Maxwell AFB, Alabama

Notes

1. Charles Roxburgh et al., *Lions on the Move: The Progress and Potential of African Economies* (Washington, DC: McKinsey and Company, June 2010), see the unnumbered pages immediately preceding the “Contents,” as well as pp. 1, 3, 7, 19, 22, 24, http://www.mckinsey.com/mgi/publications/progress_and_potential_of_african_economies/pdfs/MGI_african_economies_full_report.pdf.

2. Ibid., 1, 3.

3. Ibid., 2, 11.

4. Ibid., 5–6.

5. Quoted in Michael Bratton and Robert Mattes, “Support for Democracy in Africa: Intrinsic or Instrumental?,” *British Journal of Political Science* 31, no. 3 (July 2001): 447.

Visit our web site

http://www.au.af.mil/au/afri/aspi/apjinternational/aspi_f/Index.asp