# Africa's 'Recovery'

## Economic Growth, Governance and Social Protest

*The reality behind the alleged recovery of Africa from the 2008/09 global financial meltdown, which has been well advertised by multilateral financial agencies, needs investigation, partly because the institutions' political agenda appears to be to further integrate the continent into a highly volatile world economy, as well as cement Washington Consensus economic policies. The reality of economic recovery is so contradictory that African elites in countries praised recently for their pro-Washington stance by the Bretton Woods Institutions (such as Tunisia, Libya and Egypt), are now being challenged by popular movements demanding both democracy and socio-economic justice. From North Africa these are moving to sites such as Senegal, Uganda, Kenya, Swaziland, Botswana and South Africa, and social protests at other sites of exploitation across the continent.*

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## Introduction

> **Journalist:** Do you have any fears that there is perhaps a far left movement coming through these revolutions that want more, perhaps, closed economies? I mean, there have been a lot of pictures of Guevara there.
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> **Mr Strauss-Kahn:** Good question. Good question. There's always this risk, but I'm not sure it will materialize. Look, during the global financial crisis we went just through, at the beginning many were afraid of the possibility of an increase in protectionism. It didn't happen. Why? Because, I think, that most governments, maybe not all of them, but most governments and most people, man on the street, have understood that there was no good solution in this direction. I'm not saying that everybody agrees with this, but most had understood that the closed economy was not the way to benefit from global growth and certainly from investment. And we're in a globalized world, so there is no domestic solution.
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> Dominique Strauss-Kahn, IMF Managing Director, 6 April 2011[1]

In the volatile period from 2007 to 2010, the reproduction of Africa's exploitative trade, finance, investment and labour-migration relations within crisis-ridden world capitalism evolved somewhat. Ongoing resource extraction by Western firms was joined, and in some cases overtaken, by China; the phenomenon of 'land grabbing' combined with larger-scale development of biofuels and genetic modification; and a modicum of domestic financial liberalisation generated not only rising credit access, but also over-indebtedness. Still, Africa's subordinate position did not change, and aside from greater amounts of overseas development aid flowing into fewer than 15 'fragile states', the North–South flows were not to Africans' advantage.

One would not know this from reading reports by the elite multilateral institutions in 2011, which celebrated the continent's national economies as among the world's leading cases of post-meltdown economic *recovery*. The *African Economic Outlook 2011* (from the Organisation for Economic Cooperation and Development, United Nations Economic Commission for Africa, United Nations Development Programme and African Development Bank in June 2011); the World Economic Forum's *Competitiveness Report* (May 2011); the African Development Bank's discovery of a vast new middle class (May 2011); the International Monetary Fund's (IMF) *Regional Economic Outlook* (April 2011); the World Bank's new Africa strategy (February 2011) and IMF research on African growth (February 2011) are unanimous about this narrative. Yet the neoliberal position neglects several features that have made Africa's supposedly resilient economies far more vulnerable to both global and local economic and environmental crises. These include excessive financial and trade integration into a volatile world economy, non-renewable resource extraction costs, the 'ecological debt' (as well as other non-remunerated value transfers) and climate change damage, as well as internal features of economies suffering from 'resource curse' and processes of extreme uneven and combined development. As for progressive social resistance, it is telling that a Polanyian double movement emerged not only in North Africa where socio-economic grievances are central to the ongoing revolts in even the (neoliberally) best-performing of African countries, Tunisia, but also in Sub-Saharan Africa where after years of ineffectual 'IMF riots', growing unrest is having a surprisingly powerful effect in crucial sectors and geographical spaces from Senegal in the West, to Uganda in the Centre and to Swaziland in the South.

Africa's alleged recovery is quite complex. In early 2009, for example, the continent's largest economy, South Africa, was recorded by *The Economist* magazine as the riskiest among the world's 17 main emerging markets, largely due to its current account deficit which had soared after 2001, thanks to capital headquarters flight by most of the largest companies formerly listed on the Johannesburg Stock Exchange (JSE).[2] At that stage, in order to pay its overseas liabilities (especially profit and dividend outflows) as well as host the 2010 Soccer World Cup, South Africa's foreign debt increased by around a quarter to US$100 billion by early 2011 – having begun at just US$25 billion in 1994 when Nelson Mandela became president (others with dangerously high debt now include Ghana, Mauritius and Senegal). The South African economy witnessed more than 1,5 million job losses from 2009 through to 2011 plus worsening inequality, such that it was the highest Gini coefficient among major countries, even worse than Brazil, in the wake of five currency crashes since 1994 and extreme stock market volatility.[3] Yet with minor exceptions (the promise of a National Health Insurance), there were no changes in mac-roeconomic policy, not even with the potential that a new president – Jacob Zuma, elected in April 2009 – would lean more to labour and even Communist influence. Elsewhere in Africa, uneven development caused by adherence to the Washington Consensus in other smaller but higher-growth, resource-cursed economies, such as Equatorial Guinea, was even more extreme.[4]

Global pressures on Africa continued unabated, especially with Chinese and Indian capital locking in the West's ruinous extractive strategies and authoritarian Resource Curse politics. In spite of rhetoric about a Keynesian turn in October 2008 under Dominique Strauss-Kahn's leadership, IMF staff reaction to the crisis in Africa was a reversion to Washington Consensus dogma. Out of 22 IMF programmes on the continent underway in October 2009, according to the Center for Economic and Policy Research, 17 were contractionary orders and just five expansionary.[5] Even the wealthiest African economy, South Africa, had been advised in September 2008 to intensify its neoliberal bias,[6] although in September 2009 the Keynesian messages were finally delivered and the Article IV Consultation endorsed a somewhat more relaxed fiscal and monetary stance.[7]

By that time, Africa's state deficits were blooming because a very slight spending increase was conjoined with a huge revenue drop as commodity prices crashed, resulting in a dramatic switch from a positive fiscal balance (6% of GDP) to a huge deficit (– 6%) between 2008 and 2009.[8] The crisis meant capital inflows shifted from an $80 billion inflow in 2007 to a $25 billion outflow of portfolio investments (mainly in South African financial assets) and thus a net decline in total inflows. Although remittances held up, foreign direct investment fell back in 2009, leaving aid as the only rising financial inflow. But even this was conditional, with most flowing to 14 'fragile states': Burundi, the Central African Republic (CAR), Cote d'Ivoire, the Democratic Republic of Congo (DRC), Eritrea, Gambia, Guinea, Guinea-Bissau, Liberia, Sierra Leone, Sao Tome and Principe, Togo and Zimbabwe.

Under the circumstances, most of Africa experienced a rising fiscal deficit and higher public debt. Most central banks imposed lower interest rates after 2009 than prevailed in 2007. Most let their money supply rise, in part to compensate for private credit contraction. A few countries went further: new exchange controls helped Tanzania, Rwanda and Kenya fend off hostile financial forces. These classically Keynesian strategies also explain why Africa did not suffer as much as other regions during the crisis, even if the IMF badgered so many weaker debtors with austerity directives. Slightly relaxed macroeconomic strategies help explain, partially, why in the wake of a huge 2002 to 2008 commodities boom and world-leading windfall profits for multinational extractive industries, a modicum of GDP growth was recorded in several African countries. But the nuances in this story are terribly important to record, otherwise the narrative of the Bretton Woods Institutions and their allies will prevail, to the detriment of the majority.

## Winners and Losers

From 1980 until the crash of 2008, Africa's biggest per capita GDP losers were war-torn states – Liberia, the DRC, Cote d'Ivoire, Burundi and Sierra Leone – as well as three others with adverse governance and commodity price movements (Niger, the CAR and Zambia). According to John Weeks' contribution to a UN Conference on trade and development study, 'The end or decline of conflict in more than a half-dozen countries resulted in an upward shift in the region's growth rate of over two and one-half percentage points'.[9] This is a crucial factor in 2011 given the rise of popular protests against dictators and the brutality with which they have been suppressed, from Tunisia, Libya and Egypt in the North to sites including Senegal, Uganda and Swaziland, as well as ongoing warfare in Côte d'Ivoire until April 2011 and in Sudan.

The World Bank acknowledged the recent ongoing debilitating corruption of political democracy in 'Zimbabwe, Kenya and, most recently, Côte d'Ivoire. Coups d'état and non-democratic transfers of power occur with disturbing frequency, as in Mauritania, Guinea, Niger, and Madagascar'.[10] These are easy to spot, in retrospect, yet in each case part of the 'underlying political economy'[11] of conflict was the imposition of structural adjustment. Naturally, this factor went unmentioned in the Bank's Regional Strategy document entitled, *Africa's future and the World Bank's support to it'*:

> 'To be sure, the World Bank has been addressing Africa's governance problems for some time, with the pace accelerating over the past three years as part of the Bank-wide Governance and Anti-Corruption (GAC) Strategy. The GAC strategy has delivered certain important gains and encouraged Bank country teams to invest in more knowledge about the underlying political economy of poor governance and corruption, and to promote approaches that enhance transparency and build coalitions for positive change. Bank teams are engaged in supporting high level dialogue on governance and accountability in the DRC, catalytic reforms in Cameroon's customs directorate, advising on transparent oil and gas revenue legislation in Ghana, promoting Freedom of Information legislation in Zambia, and an annual report on supporting diagnostic analysis of corruption in Uganda, with the Inspector-General. Natural resource management issues are now a key focus of attention. Analytical and advisory work on the value chain of extractive industries has been expanded and is now influencing our policy dialogue with resource rich governments in Angola, DRC, Ghana, Niger and Nigeria.'[12]

Four of these five remain among the most notorious resource curse countries (with the exception of Ghana, which may well become one with oil extraction.) The Bretton Woods Institutions have been dogmatic about maintaining corrupt resource curse regimes.

## African Mal-governance and Washington's Influence

An example of why Bank anti-corruption claims are dubious is its high-profile decision in April 2010 to lend $3,75 billion (the largest-ever Bank project loan) to South Africa's Eskom energy parastatal to build the world's fourth-largest coal-fired power plant. The country's progressive civil society opposed the plant for a range of socio-environmental reasons, and were joined by two opposition political parties (especially the centre-left Independent Democrats and the neoliberal Democratic Alliance, which subsequently merged) and the influential liberal *Business Day* newspaper which condemned the loan for fuelling corruption.[13] Contrary to supposed Bank anti-corruption policies, it will directly fund African National Congress (ruling-party) coffers, via the Medupi power plant's Hitachi boilers that in turn kick back between $10 and $100 million (the amount is still unclear) thanks to an ANC investment in Hitachi. As the Eskom–Hitachi deal was signed, the Eskom chairperson (and former environment minister), Valli Moosa, was also a member of the ANC's finance committee.

A government investigation, released in March 2010, found his conduct in this conflict of interest to be 'improper'.[14] The ANC promised to sell the investment stake, but did not.

Ironically, in February 2010 the Bank had issued a major statement alongside its annual African Development Indicators entitled, *Quiet corruption*, in which it blamed African teachers and healthcare workers for moonlighting (a result of Bank structural adjustment policies).[15] In December 2010, the Bank's website headlined news about the 'Corruption Hunters' conference, with its president, Robert Zoellick pronouncing: 'Stealing is bad enough, ripping off the poor is disgusting'.[16] To repay the Bank loan, the corresponding electricity price increase for poor people is 127 per cent over four years, leading millions to certain disconnection.[17]

The connection between the Bank's acquiescence in corruption and the South African government is even more curious when we consider the 2009 appointment of chief corruption hunter Leonard McCarthy, whose prior job was head of the Scorpions investigating and prosecuting unit of the South African government. McCarthy was accused by his former colleagues of abusing legal processes 'for illicit purposes' in the Scorpions' case against the man elected president in April 2009, Jacob Zuma.[18] According to South Africa's leading newspaper investigation unit, at the *Mail & Guardian*, McCarthy was caught on an illegal recording discussing how to manipulate the South African justice system in alliance with the then leading state prosecutor, Bulelani Ngcuka. 'Mbeki is my president, he will always be my president,' said McCarthy, and on another occasion in late 2007, 'McCarthy allegedly refers to Mbeki's instructions that neither Zuma nor police commissioner Jackie Selebi should be charged before Polokwane, as the perception of victimhood would work to their advantage'.[19] According to the respected newsletter *Legalbrief*, 'The enormity of the corruption issues facing South Africa has been highlighted by the Eskom expansion plan'.[20]

In the same way, the Bank and IMF were deeply involved in North African economic corruption, praising dictators' macroeconomic management during the crisis in spite of well-recognised malfeasance as well as sustained opposition by the Tunisian General Union of Labour and independent Egyptian trade unions. In 2008 in Carthage, for example, the Order of the Tunisian Republic was bestowed upon Strauss-Kahn on account of his 'contribution to the reinforcement of economic development at the global level'. Returning the compliment, he applauded Zine El Abidine Ben Ali's dictatorship: 'Economic policy adopted here is a sound policy and is the best model [*sic*] for many emerging countries. Our discussions confirmed that we share many of the same views on Tunisia's achievements and main challenges. Tunisia is making impressive progress in its reform agenda and its prospects are favourable'.[21] Reflecting this party line, *IMF Survey Magazine* praised Ben Ali for his mid-2010 commitment 'to reduce tax rates on businesses and to offset those reductions by increasing the standard Value Added Tax (VAT) rate'.[22] There is no direct link between this philosophy of squeezing poor people and the revolution that followed, but it is not surprising that the catalyst on 27 December was the police attack on informal street trader Mohammed Bouazizi (whose fruit cart was overturned) which led him to self-immolation.

In Egypt, the IMF's April 2010 Article IV Consultation statement was effusive about the Mubarak dictatorship's neo-liberalism: 'The authorities remain committed to resuming fiscal consolidation broadly in keeping with past advice to address fiscal vulnerabilities…

 

Such adjustment will be crucial to maintain investor confidence, preserve macroeconomic stability, and create scope for future countercyclical fiscal policy'. In addition to expanding 'public–private partnerships', the IMF argued that Egypt should adopt a VAT and limit pension and health benefits.[23] Reacting to the revolution in a May 2011 report to the G8, IMF staff observed that 'managing popular expectations and providing some short-term relief measures will be essential to maintain social cohesion in the short term', and that this would come at a price: '…external and fiscal financing gaps of US$9–12 billion… which would need to be filled with exceptional support from Egypt's multilateral and bilateral development partners, particularly given the limited scope for adjustment in the short term'.[24] On 4 June, the Egyptian army agreed to a $3 billion IMF loan, adding to the existing $33 billion that the incoming democratic state would have to repay from Mubarak's international borrowing. However, as Adam Hanieh warned after the G8 summit and allied Arab states pledged army $15 billion to the army, 'At the core of this financial intervention in Egypt is an attempt to accelerate the neoliberal program that was pursued by the Mubarak regime'.[25] After extensive complaints from the citizenry, discussed in the conclusion, the IMF loan was rejected by finance minister Saad Radwan in favour of financing by the Gulf Cooperation Council and Islamic Development Bank.

The IMF's pro-dictator neoliberal narrative was repeated in Libya, such as the October 2010 support given (by 'the mission') to Muammar Gaddafi's mass firing of 340 000 civil servants: 'About a quarter have reportedly found other sources of income and are no longer receiving transfers from the state budget. The mission recommends that the retrenchment program be accelerated'.[26] Just prior to the mid-February 2011 breakout of civil war, the IMF Article IV Consultation suggested that Gaddafi was safe from the Arab Spring: 'Recent developments in neighboring Egypt and Tunisia have had limited economic impact on Libya so far'. Gaddafi was praised for the 'ambitious program to privatize banks' and 'for fostering private sector development and attracting foreign direct investment'.[27] As *New York Times* reporters remarked, 'The fund's mission to Tripoli had somehow omitted to check whether the 'ambitious' reform agenda was based on any kind of popular support. Libya is not an isolated case. And the IMF doesn't look good after it gave glowing reviews to many of the countries shaken by popular revolts in recent weeks'. Worse, they continued, was that 'the toppling of unpopular regimes will make it difficult for their successors to adopt the same policies. In the future, the IMF might want to add another box to check on its list of criteria: democratic support'.[28]

But insulation from democracy was ultimately a crucial process for implementing reform. In 2009, World Bank chief Africa economist Shanta Devarajan warned of 'the specter of political instability and social unrest'. Bank Africa Vice President Obiageli Ezekwesili worried, 'It is precisely in a season of crisis like this that African governments must stay the course of market-based reforms'.[29] By the time the reality of North African revolution hit home, the Bank's report to the G8 belatedly recognised mal-governance but ultimately blamed neo-liberalism's *partial* reforms: In the context of declining state legitimacy, low levels of political participation, nepotism, perceptions of corruption and predation, and little accountability, reforms were too partial to take real hold or to transform sclerotic intuitions. Often they were perceived to increase inequality, and benefit the politically-connected elite'.[30] The report does not offer self-criticism but instead looks for further neoliberal opportunities:

> 'The wave of self-confidence and self-assertion now sweeping the Arab world, and the refutation of any notion of Arab "exceptionalism" could lay the foundation for an even deeper partnership between the Arab countries, the World Bank Group, and other partners in the Arab World Initiative. The time could be ripe for Arab regional cooperation, and for the more vigorous pursuit of inclusive globalization.'[31]

## Growth Gimmicks

The first step in making change is recognising the source of the problem. The Bretton Woods Institutions, African Development Bank and their allies have shown the capacity to systematically distort reality in their analysis of contemporary Africa. Consider Devarajan's mid-2010 arguments, explaining growth in Africa in entirely ideological terms: 'These countries adopted exactly the Washington Consensus policies in the mid-1990s, the African countries. The difference is that they did it out of their own accord, out of domestic political consensus, rather than imposed from Washington or Paris or London'.[32] In reality, Africa's economic policies were indeed 'imposed from Washington', according to John Weeks,

> 'The dominant force influencing the economic policies of Sub-Saharan countries in the 1990s and 2000s was the International Monetary Fund, with the World Bank playing a secondary and complementary role. Over twenty years, 1990–2009, the governments of 46 Sub-Saharan countries sought to manage their economies under IMF programmes during almost half the country years (417 of 920)… the two international financial institutions played a major if not decisive role in policy making for all but a few countries of the region.'[33]

Weeks has recorded both the IMF's and World Bank's influence over Sub-Saharan Africa during the 1980s to the 2000s, and observed that for a variety of reasons only a few countries escaped Bretton Woods Institution's direct tutelage for extended periods (though most had long bouts of home-grown neo-liberalism): Angola, Botswana, Comoros, Equatorial Guinea, Eritrea, The Gambia, Liberia, Mauritius, Namibia, Nigeria, Seychelles, South Africa, Sudan, Swaziland and Zimbabwe. For every other country, as Weeks concludes, 'There is little evidence, rigorous or circumstantial to believe that the "reforms" of the 1980s and 1990s lay the basis for that [2000s economic] recovery'. Instead, Weeks argues, the essence of the recent GDP growth was the post-conflict peace dividend, and the 2002 to 2008 rise of commodity markets.[34] Because conflict-related destruction is not captured explicitly in GDP insofar as assets are not measured, while post-conflict reconstruction is measured as income, and because the commodity market crash of 2008/09 was followed by a quick rebound, both trends can be expected to continue unless China suffers a 'hard landing' in 2012.

Seeking an understanding of Africa's economic plight thus requires much more serious inquiry than the multilateral institutions and their allies appear willing to consider. For example, a deconstruction of GDP shows clearly that the internal driver of growth in Africa during the 2000s, far outstripping exports, was 'private consumption'. One side effect, given African deindustrialisation of even basic consumer-durable industries, was the rise of import bills. But it is instructive to probe why private consumption across Africa was, from 2004 to 2008, well over twice as large a component of GDP growth as exports (in oil exporters, and middle- and low-income countries alike). Certainly, in the subsequent period, 2008 to 2010, African governments showed the ability to raise private consumption using three Keynesian countervailing measures: budget deficits (so that falling tax revenues were not 'pro-cyclically' amplified throughout the economy), lower interest rates, and expanded money supplies. In spite of their overall orientation to the Washington Consensus, IMF staff were sufficiently worried about the depth of the world crisis in 2008 to 2009 in allowing large deficits, especially in regionally-powerful countries such as South Africa (which in 2009 to 2010 ran a seven per cent deficit without complaint in the IMF's Article IV consultations).

Aside from state spending that trickled through to private consumption, one alleged reason for the private consumption boost should be addressed given that in May 2011 it received international publicity: the vast new African middle class. Allegedly, 'one in three Africans is middle class' and as a result, Africa is ready for 'take-off',[35] according to African Development Bank chief economist Mthuli Ncube speaking at the Cape Town World Economic Forum–Africa summit: 'Hey you know what, the world please wake up, this is a phenomenon in Africa that we've not spent a lot of time thinking about.' Obviously not, for Ncube defines middle class as those who spend between $2 and $20 per day, a group that includes a vast number of people considered extremely poor by any reasonable definition, given the higher prices of most consumer durables in African cities. Those spending between just $2 and $4 per day constitute a fifth of all Sub-Saharan Africans. Even Ncube admits this, while the range from $4 to $20 per day amounts to 13 per cent, with five per cent spending more than $20 per day. Below the $2 per day level, 61 per cent of Africans are mired in deep poverty.[36]

Neoliberal dogma asserts that the preferred route out of poverty is access to microfinance, which compels borrowers to become more productive so as to repay loans. However, just as in many advanced capitalist countries suffering huge debt overhangs, working-class producers and consumers have had significant problems in the microfinance movement's two largest markets, Bangladesh and India, leading respectively to the forced resignation of Grameen Bank's Muhammad Yunus (in part because of fraudulent claims of financial success) as well as the suicides of more than 200 000 indebted small farmers in Andra Pradesh province alone.[37] The untenable rise of credit mechanisms in Africa, especially South Africa where default rates are at an all-time and very dangerous high, goes unremarked upon by the African Development Bank.

Indeed, South Africa's consumer debt crisis sheds light on African macroeconomic problems. One basis for rising debt by working-class and new middle-class consumers was the untenable rise in property prices, which soared by 389 per cent between 1997 and 2008 (the highest in the world, with the second highest bubble, Ireland, at less than 200 per cent). Wage levels had been outstripped by profits for most of the previous 17 years of post-apartheid neoliberalism, leaving workers to rely upon higher rates of consumer credit. By late 2010, the main state credit regulator, Gabriel Davel, registered 'impaired' status for 8,3 million South African borrowers, a rise from 6,1 million impaired borrowers in 2007:

> 'There are a variety of mechanisms through which the 'reckless lender' can transfer the

 

> cost of default to its competitors. For instance, by applying coercive collection mechanisms it ensures that its payment gets prioritised (and that the client defaults elsewhere, or cuts back on household expenditure, school fees, etc.). Penalty fees and penalty interest similarly create an incentive to extend further loans to clients who may already be debt stressed. It can cause a dramatic increase in income for a lender on clients who pay irregularly and is earned on top of an already high base interest rate.'[38]

Another central reason for the new Afro-optimism is increased cellular telephony access in many areas that were formerly off-grid for communications. The Bank's most recent Africa policy paper argued that the 'success of Information and Communications Technology (ICT), especially mobile phone penetration, shows how rapidly a sector can grow. It also shows how the public sector can set the conditions for the exponential growth of a vital industry that could transform the continent'.[39] The reality is less encouraging. Although Africa is better off with cellphones than it was without (say, 15 years ago), the actual performance of the industry reveals telling weaknesses. These include the role of multinational capital in absorbing profits and dividends, the lack of genuine competition (collusion is notorious even in the largest economy – South Africa), relatively high prices for cellphone handsets and services, and limited technological linkages to internet service. In 2010, a report (*Towards evidence-based ICT policy and regulation*) by Johannesburg researchers Enrico Calandro, Alison Gillwald, Mpho Moyo and Christoph Stork unveiled a host of ICT deficiencies, because although 'the mobile market has experienced significant growth, outcomes have been sub-optimal in many respects'.[40] For example, the authors argue, cellphone penetration 'figures tend to mask the fact that millions of Africans still do not own their own means of communication'. Moreover:

- Africa continues to lag behind other regions both in terms of the percentage of people with access to the full range of communications services and the amounts and manner in which they can be used – primarily as a result of the high cost of services;
- the cost of wholesale telecommunication services as an input for other economic activities remains high, escalating the cost of business in most countries;
- the contribution of ICT to gross domestic product, with some exceptions, is considerably less than global averages;
- national objectives of achieving universal and affordable access to the full range of communications services have been undermined either by poor policies… [or] regressive taxes on usage
- as a general trend across the continent, while the voice divide is decreasing, the internet divide is increasing and broadband is almost absent on the continent; and
- the fixed-line sector continues to show no signs of recovery, as most countries experienced negative growth between 2006 and 2008.

Indeed for nearly all of Africa, cellphone penetration rates 'remain below the 40 percent critical mass believed to trigger the network effects associated with economic growth'[41] and even in more mature markets (Ghana, Kenya, Nigeria, Tunisia and South Africa), 'The high "penetration" figures result from the use of multiple-SIM cards, resulting in over-counting, often by several million'.[42] As for Africa's internet

 

- broadband uptake trails even other developing regions in the world with a penetration rate below two per cent;
- low penetration rates are mainly a result of the prohibitively high costs of internet services;
- the landing of several undersea cables and a number of terrestrial fibre investment projects have led to a significant reduction in the costs of accessing the internet. In some countries, the drop in wholesale prices has not, however, filtered to end-user prices; and
- digital literacy and the affordability of access devices like personal computers is expected to remain a challenge.

The researchers conclude: 'Large numbers of citizens across the continent still lack access to or cannot afford the kind of communication services that enable effective social and economic participation in a modern economy and society.' In short, the Bretton Woods Institutions' visions of both microeconomic growth (dependent upon unsustainable consumer credit and uneven ICT productivity enhancements) and macroeconomic austerity are profoundly inappropriate.

Even more foundational is the question of whether 'growth' defined as GDP is appropriate given the drain of natural resources – especially non-renewable minerals and petroleum – that leaves Africa in a net *negative* 'genuine savings' position, according to even the World Bank. Yet the Bank's main Africa economist, Devarajan, was resistant to his own colleagues' research, as was evident in a mid-2010 debate with this author on the Canadian Broadcasting Corporation (CBC):

> **Patrick Bond:** Africa is suffering neo-colonialism, and that means the basic trend of exporting raw materials, and cash crops, minerals, petroleum, has gotten worse. And that's really left Africa poorer per person in much of the continent, than even at independence. The idea that there's steady growth in Africa is very misleading, and it really represents the abuse of economic concepts by politicians, by economists, who *factor out society and the environment. And it's mainly a myth, because, really, the extraction of non-renewable resources* – those resources will never be available for future generations. And there's very little reinvestment, and very little broadening of the economy into an industrial project or even a services economy.
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> **CBC:** Mr Devarajan, how would you respond to that view?
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> **Shanta Devarajan:** First, I just want to correct one of the facts, which is that the continent is not poorer per person. *GDP per capita is not lower today than it was ten to fifteen years ago. In fact, it is considerably higher* [emphasis added].[43]

Devarajan here misunderstands African countries' poverty by using the GDP measure, even though moments earlier, this author had warned against doing so. African economies suffer extreme distortions caused by the export of irreplaceable minerals, petroleum and hardwood timber. Were he honest, Devarajan would confess that GDP calculates such exports as a solely positive process (a credit) without a corresponding debit on the books of a country's natural capital.

Yet this correction to GDP – subtracting the value of non-renewable resource extraction – was made in even the World Bank's own book, *Where is the wealth of nations?*, published in 2006. According to the book's authors:

> 'Genuine saving provides a much broader indicator of sustainability by valuing changes in natural resources, environmental quality, and human capital, in addition to the traditional measure of changes in produced assets. Negative genuine saving rates imply that total wealth is in decline.'[44]

The researchers are conservative in their assumptions, but once they factor in society and the environment, Africa's most populous country, Nigeria, fell from a GDP in 2000 of $297 per person to negative $210 in genuine savings, mainly because the value of oil extracted was subtracted from its net wealth. Even the most industrialised African country, South Africa, suffers from resource curse: instead of a per person GDP of $2 837 in 2000, the more reasonable way to measure wealth results in genuine savings declining to negative $2 per person that year. From 2001, the problem has become even more acute, thanks to the delisting of the largest corporations from the JSE, which added not just the outflow of mineral wealth, but profits and dividends that in earlier years would have been retained in South Africa.[45] As commodity prices soared from 2002 to 2008, the outflow of wealth captured in the *Where is the wealth of nations?* study would have been dramatically amplified. In retrospect, considering the independence of so many countries over the past five decades, the story is the same: Africa looted in a manner that even World Bank environmental staff are openly confessing, even if Devarajan (consciously or subconsciously) ignored their research.

The only way for African elites to shake off Washington's advice is to delink from the global financial system's most destructive circuits, following the lead of several Latin American countries over the past decade. To do so, however, requires the kind of sustained radical critique of inequality and injustice that in early 2011 the people of Tunisia and Egypt accomplished. In conclusion, it is to their struggle against the broader agenda of neoliberal capitalism that we turn.

## Conclusion

The dead-end route for Africa, represented by a revitalised Washington Consensus narrative unchanged in all important respects, was not hidden from the more farsighted African rulers. There was even an awareness in Egypt's military, for example, that neoliberal reforms carried out by Mubarak were responsible for the revolts insofar as they compelled a core working-class constituency – independent trade unions – to view their struggles in political terms. This was conceded in May 2011 by no less a figure than Major General Mohammed al-Assar of the Supreme Council of the Armed Forces. He claimed

> 'The military brass were deeply opposed to the privatisation programme. That in turn eased their decision to side with the Egyptian public against the 30-year autocratic rule of Mubarak. Al-Assar told state television on Wednesday that the army has been against the 'plans to sell Egypt' and viewed them as a threat to social peace. He said that Field Marshal Mohammed Tantawi, the council's president and minister of defence, had repeatedly raised objections to the privatisation programme, as shown in the minutes of several cabinet meetings he attended. His opinion was often overruled by Mubarak and other top officials who had favoured following economic prescriptions from Western countries.'[46]

 

However, it is equally certain that the counter-revolutionary forces in Egypt, including the army leadership, would not be able to deliver the socio-economic progress demanded in Tahrir Square. Egypt soon banned strikes and protests. With class struggles breaking out as part of the process, Samir Amin celebrated the groundedness of the movements:

> 'The workers' strikes in 2007 (the strongest strikes on the African continent in the past fifty years), the stubborn resistance of small farmers threatened with expropriation by agrarian capital, and the formation of democratic protest groups among the middle classes (like the "Kefaya" and "April 6" movements) foretold the inevitable explosion – expected by Egyptians but startling to "foreign observers"… Although the youth movement is diversified in its social composition and in its political and ideological expressions, it places itself as a whole "on the left". Its strong and spontaneous expressions of sympathy with the radical left testify to that.'[47]

In this context it was not surprising that one webzine supporting the revolution, *GlobalFairNet*, reported that in relation to the June 2011 IMF loan, 'Egyptians were largely skeptical, with the deal receiving negative feedback from online citizens and activists'.[48] Indeed as one small reflection of the potential for wider conscientisation, a Facebook group was started in early June, 'dedicated to resisting attempts to hijack our new republic through imposing monetary, economic, or political regulations on Egypt via the IMF or any other lending institution'.[49]

Such reaction to the hijack of domestic policy by the IMF is a description that Strauss-Kahn feared in the press conference a month before he was forced to resign, when asked whether a 'far left' project would begin. Reflecting ongoing IMF opposition to state economic sovereignty, capital controls and accounting for Odious Debt, he replied, 'We're in a globalized world, so there is no domestic solution.'[50] But given how disastrous globalisation has been for Africa, a 'far left movement' is long overdue.

Perhaps the most acute observer of potentials for emancipation in Africa is Sokari Ekine, who follows the continent's blogs at the weekly *Pambazuka News*. In June 2011 she reviewed several countries' movements:

> 'Uganda, Swaziland, Kenya, and Botswana actions are in response to concerns over food security, rising unemployment particularly amongst youth, political marginalisation, corruption of government officials and a pushback against the entrenched leadership of the circle of "rulers for life". Military dictators have been replaced by democracy dictatorships under militarised states.'[51]

In Kampala,

> 'The government has blamed inflation on external factors out of their control, obviously believing Ugandans are so ill-informed as to not make the connection between the $740 million spent on fighter jets and tanks – plus, of course, the maintenance costs "to protect oil … territorial integrity and wealth" – and the price of bread and fuel. Even Nigeria – another highly militarised state, with nearly 20 years of conflict over oil in the Niger Delta – has thankfully not deployed fighter jets to bomb militants in the forests and rivers of oil production! Museveni who, in a show of militarism, chose to wear military fatigues during the recent swearing in of MPs, complained that his guests, President Kabila of the DRC and Goodluck Jonathan of Nigeria, were pelted with

stones by people… Julius Barigaba reports in *The East African* on the deployment of tanks around Kampala's Constitutional Square. According to Barigaba, this is not because there might be another "Tahrir Square" but more like another Tiananmen Square: "The Square has become a no-go area, barricaded by blue Mamba APCs, teargas trucks and anti-riot police. To dare to go there is to court arrest, unlimited doses of teargas, gunshot wounds, and possibly, death… That is the norm in Kampala these days – people wake up to a menu of live bullets and teargas. Access to some roads is blocked, as boda boda cyclists, unemployed youths and Kisekka Market traders engage the military and police in running battles. Occasionally, a military chopper eerily monitors the action. Files of military men, with guns held combat style, patrol the streets; APCs are at entry points into the city".'[52]

In Nairobi,

'Grassroots movements such as Bunge La Mwananchi [The People's Parliament] and the "Unga Revolution" [a collection of civil society groups including Bunge La Mwananchi] campaigning for economic and social rights have been formed in response to the rising cost of living and loss of social benefits. On 1 May a planned rally organised by Unga Revolution was illegally cancelled by the Kenyan police.'[53]

In Manzini,

'The Swazi pro-democracy uprisings which began on 12 April were met with beatings, teargas and hundreds of arrests. Many of the protesters were driven 100 miles into the country where they were dumped by the police. Student leader Maxwell Dlamini and Musa Ngubeni of the Swaziland Youth Congress were arrested, tortured and remain in detention. The national coordinator of the International Research Academy for Labour and Education, Percy Masuklu, was one of those driven and dumped in the countryside. He gives his account below: "On 12 April 2011 leaders of the labour movement, political formations, youth and student organisations, civil society organisations like the Swaziland Democracy Campaign and ordinary Swazis were all arrested and treated to the *hospitality* of the police of the ruling royal Swazi regime by means of torture and other dehumanizing elements characteristic of this corrupt regime. There were running battles between the various organisations and the police and armed forces in which the forces prohibited the workers, students, youth, democracy activists, faith-based organisations and women's organisations from marching into the city centre in Manzini. The main intention of the march was to raise high the issues that the government of Swaziland has failed to deliver; these demands had been raised earlier by, largely, the labour formations. The city centre was turned into a battlefield where workers were tear gassed, baton-charged and pursued into various directions by the heavy-handed police who understood nothing but the language of violence.' On June 1st, hundreds of members of The Swaziland Teachers Association closed schools and marched through the capital to the South African and US embassies demanding the latter freeze the King's assets.'[54]

In Gabarone,

'Botswana, much revered in the west as "Africa's success story", public sector workers – transport, schools, clinics and government staff – began striking on 18 April. The ruling party has been in power for 45 years and people are calling for a change. The leader of

 

> the opposition, Duma Boko has called for an "Egypt"-style uprising… "There are different ways to take over governance, and that includes by force," he said at a recent press conference in support of the strike held by the opposition parties. "If we can come together we can take our government as it happened in Egypt and Tunisia." For the Botswana Movement for Democracy, the strike undermines the ruling party's contention that Botswana is a model democracy. "This is clear from the government's refusal to accept workers' demands for a pay hike, under the pretext that the economy has not yet recovered from the recession," said its leader, Gomolemo Motswaledi'.[55]

Matters are not so easy elsewhere. For example, in Addis Ababa,

> 'Pro-democracy activists had called for a "Day of Rage" on Saturday 28 May 2011. An online campaign ***Beka*** meaning "enough" in Amharic had hoped to mobilise thousands. In the end it was Meles Zenawi's supporters who turned out in their thousands."[56]

Zenawi has killed hundreds demonstrating for democracy in recent years, and was so brazenly open about this to his US State Department allies in February 2010, as revealed by WikiLeaks, that it is evident Washington will not come to the aid of genuine democrats until, as in Tunisia and Egypt, it is too late to woo them over. In Harare in February, Robert Mugabe's forces arrested 45 attendees of an International Socialist Organisation Zimbabwe meeting who were reviewing Tahrir Square and Tunisia footage, with six leaders locked up for a month and tortured. In Dakar, Senegal's well-respected mass movements rose up in late June, burning down the country's national electricity building and tax authority, and protesting at cabinet ministers' houses to force both a resolution of an energy crisis and a withdrawal of President Abdoulawaye Wade's proposed legislation that would have seen him extend his neoliberal political rule.

In addition to movements to democratise societies, which are invariably drawn from and compel further struggles for socio-economic justice, innumerable micro-struggles continue. These include community campaigns to preserve natural resources and rethink the merits of extractive industries (especially minerals, fossil fuels and river sources), in places like the Niger Delta, Zimbabwe's diamond fields and South Africa's platinum and titanium belts. Others are national initiatives of labour and its allies to meet basic needs and balance local economies through domestic ('import-substitution') production, with South Africa being the most active. Only with such 'far left' movements seeking 'domestic solutions' through control, first of their national economic sovereignty and then through continental connections, as so many Latin American leftists have done, can we move from the Bretton Woods Institutions' feeble-minded hucksterism about African GDP to a genuine Afro-optimism, bottom up and people powered. Until then, the global financial agencies' desperation for an African success story should be taken with not a grain but with a calabash full of salt.

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