Can Africa Catch Up?

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Introduction

During recent decades the world has been characterised by increasing interdependence of national economies and of the international scope of markets, distribution systems, capital, labour, and technology. This trend towards globalisation has been manifested in the sustained growth of world trade and flows of investment and technology as well as in the convergence of national economic and social systems. For most regions this growing integration has led to rapidly increasing *per capita* incomes, while Africa has stagnated at the income level achieved about three decades ago. The question posed in this paper is whether Africa can link up with the rest of the world and start a catch-up process, or whether marginalisation is inevitable.

The paper is structured as follows: the second section looks at whether Africa has really been marginalised or in what sense this has happened. This is done through a comparison with other regions. The third section investigates to what extent Africa has been open to the rest of the world. The fourth section looks at structural adjustment policies introduced from the 1980s onwards to open up African economies and discusses the impacts of these reforms. The fifth section looks at possible reasons as to why Africa has not taken off, while the final section discusses the way forward for Africa.

The facts of African marginalisation

After World War II Africa was a reasonably important trading partner and an interesting arena for foreign investment. During the period up to the early 1960s the continent went through a process of decolonisation. In terms of development strategy the liberation did initially not imply any

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dramatic changes, but gradually the emphasis on import substitution industrialisation increased. Still, during the early import substitution phase most countries saw increasing *per capita* incomes. Around 1970 there were signs of emerging problems with increasing balance of payments deficits, which were typically covered by tightened foreign exchange controls and higher tariffs. With the first oil crisis in 1973 the balance of payments problems became acute, but many countries sharpened their inward orientation further instead of undertaking economic adjustment. There were even countries, such as Tanzania, that saw it as a virtue to become 'self-reliant'. To a large extent the partial de-linking of Africa from the international economy at this time was a conscious choice by the governments of the newly-independent countries. African countries could continue along this route for some years with the help of aid and foreign loans, but by 1980 this strategy was no longer feasible. Interest rates shot up, creditors were not willing to continue lending and donors did not any longer approve of the development strategies in place. Then African countries entered the era of structural adjustment policies under the guidance of the IMF and the World Bank. A major ingredient of these policies was to open up African economies, and we will return to these attempts below.

The first question considered by this paper is whether it is true that Africa has been marginalised in the world economy. There are essentially two types of indicators that we can look at as measuring links with the world economy. We can look at the share of African economies in world trade or world foreign investment. Alternatively we can look the shares of trade flows or foreign investment in the GDPs of African countries. The first looks at whether Africa is important to the world, while the second looks at how important the world is to African economies. Finally, we also look at the share of Africa in world production.

In the 1970s the share of Sub-Saharan Africa in world exports was close to 4%, but this has declined very significantly since then. Table 1 shows that Sub-Saharan Africa saw a continued decline in its share during the 1990s, when its share in exports of goods and services fell from 1.9% to 1.3% of the total. It is clear that, on this score at least, Africa is being marginalised. Its share in commercial services is even lower. A possibly encouraging sign is that the share of manufactured goods in merchandise exports has increased.

Table 1: Share of major regions in world exports (%)

	Goods and services		Merchandise		Commercial services		Share of manufacturing in merchandise exp.	
	1990	1999	1990	1999	1990	1999	1990	1999
High income	80.4	76.6	78.2	75.4	83.9	79.1	77	82
East Asia & Pacific	5.6	9.1	6.6	10.2	4.2	6.9	68	81
Europe & Central Asia	4.4	5.0	4.2	4.7	4.2	6.2	–	57
Latin America & Caribbean	4.0	5.0	4.3	5.2	3.5	3.8	34	49
Middle East & North Africa	3.2	2.0	3.8	2.1	2.1	1.9	17	19
South Asia	0.8	1.0	0.8	1.0	0.9	1.0	71	77
Sub-Saharan Africa	1.9	1.3	2.0	1.3	1.3	1.0	20	36

Source: World Development Report 2000/01

Table 2 shows that African economies at independence in the early 1960s were more trade-dependent than any of the other regions, and that it was not until the 1990s that the East Asia and Pacific region surpassed Africa in trade intensity. It is clear that although African economies are highly dependent on the world market, they have become increasingly marginal to that market.

Next we look at financial flows. Table 3 shows that net resource flows (essentially long-term debt plus net direct foreign investment, portfolio equity flows and official grants) have been relatively large. It is, for example, larger than the flow to the more populous South Asia. So in terms of aggregate flows African marginalisation is not extreme. But maybe the

Table 2: Exports of goods and services (% of GDP)

	High-income OECD	East Asia and Pacific	Latin America and Caribbean	South Asia	Sub-Saharan Africa
1961–70	12.0	9.0	9.5	0.5	24.7
1971–80	15.5	16.7	10.8	6.8	27.2
1981–90	16.9	23.2	14.2	7.6	26.7
1991–98	18.5	31.0	14.2	11.7	27.8

Source: World Development Indicators 2000

Table 3: Net resource flows (US$ billion)

	1970	1975	1980	1985	1990	1995	1999
East Asia & Pacific	2	7	13	16	27	108	89
Europe & Central Asia	1	3	13	5	13	37	45
Latin America & Caribbean	4	15	30	15	22	75	107
Middle East & North Africa	1	9	9	15	10	3	20
South Asia	1	4	6	7	9	10	12
Sub-Saharan Africa	2	6	11	10	18	24	18

Source: Global Development Finance 2000. Aggregate net resource flows are the sum of net resource flows on long-term debt (excluding IMF) plus net direct foreign investment, portfolio equity flows and official grants (excluding technical co-operation). Net flows (or net lending or net disbursements) are disbursements minus principal repayments.

transfers are of the wrong type? With regard to foreign direct investment flows (see Table 4) Africa is marginal to the world, although its share in total flows increased somewhat in the 1990s. As a share of its own GDP Africa still gets more than South Asia (see Table 5), where the dominant country in the region, India, was virtually closed for foreign investors until recently.

Table 4: Share of major regions in foreign direct investment (%)

	1990	1999
High income	88.0	72.4
East Asia & Pacific	5.6	10.4
Europe & Central Asia	0.5	2.9
Latin America & Caribbean	4.2	11.2
Middle East & North Africa	1.3	0.8
South Asia	0.2	0.6
Sub-Saharan Africa	0.4	0.7

Source: World Development Report 2000/01

With regard to aid (see Table 6) it is clear that this has become increasingly concentrated in Africa, while aid dependence in other regions has gone down to very low levels. It is noteworthy, however, that aid relative to Africa's GDP has more than halved in the 1990s. Africa is definitely not

Table 5: Foreign direct investment, net inflows (% of GDP)

	High income OECD	East Asia and Pacific	Latin America and Caribbean	South Asia	Sub-Saharan Africa
1971–1980	0.5		0.7	0.0	0.9
1981–1990	0.7	0.7	0.7	0.1	0.7
1991–1998	1.0	2.9	2.0	0.5	1.4

Source: World Development Indicators 2000

Table 6: Foreign aid by major regions

	Dollar per capita		Share of aid in GDP	
	1990	1998	1990	1998
East Asia & Pacific	4	4	–	0.5
Europe & Central Asia	13	14	0.6	0.6
Latin America & Caribbean	11	9	0.4	0.2
Middle East & North Africa	42	18	2.1	1.0
South Asia	5	4	1.5	0.9
Sub-Saharan Africa	36	21	9.9	4.1

Source: World Development Report 2000/01

Table 7: Share of major regions in world population, output, and relative *per capita* income index 1999 (%)

	Population share	Share in world GNP	GNP index (US$) index	GNP index (PPP) index
High income	14.9	78.4	526	376
East Asia & Pacific	30.7	6.3	21	54
Europe & Central Asia	8.5	3.5	44	86
Latin America & Caribbean	4.9	6.7	85	97
Middle East & North Africa	22.2	2.1	43	71
South Asia	10.7	2.0	9	31
Sub-Saharan Africa	14.9	1.1	10	22

Source: World Development Report 2000/01

marginal in terms of aid flows, but the fact that aid is increasingly concentrated to Africa is rather an indication that this continent has not been able to achieve a successful economic integration and economic development.

Finally, we look at marginalisation in terms of the importance of the region in world production. Table 7 shows that by 1999 Africa and South Asia were the poorest regions in the world when incomes are measured in US dollars, but when prices are adjusted for purchasing power Africa clearly stands out as the poorest.[1] African real incomes are only slightly above one fifth of the world average or one seventeenth of that of the developed countries. This poverty means that Africa's share in world output is only 1.1%, which certainly means that Africa carries little weight in

[1] Note that South Africa is included in the category Sub-Saharan Africa. If that country is excluded African *per capita* income would be further reduced.

Table 8: GNP per capita growth (annual %)

	High income OECD	East Asia & Pacific	Latin America & Caribbean	South Asia	Sub-Saharan Africa
1961–70	4.3	3.2	2.7		2.6
1971–80	2.5	4.7	3.3	0.8	0.6
1981–90	2.2	6.1	–1.0	3.4	–1.1
1091–98	1.4	5.8	2.0	3.4	–0.4

Source: World Development Indicators 2000

the world economy. Table 8 shows that Africa stands out negatively in terms of rate of growth of *per capita* incomes. While the other poor region, South Asia, has seen significant improvements in the 1980s and 1990s, Africa has seen falling *per capita* incomes. The recovery in South Asia is largely driven by the increased growth of India following its shift to more liberal and open economic policies. The relative economic status of Africa has thus deteriorated, and given the current growth pattern the African share will continue its downward slide. If marginalisation is seen as a process, these figures surely indicate that Africa is being marginalised. Not only does Africa have the lowest incomes, it is also lagging further and further behind other regions. Various social indicators further underline the gravity of the situation. For example, life expectancy in Africa is lower than elsewhere and that the gap with the rest of the developing world is increasing over time.

The simple aim of this section has been to investigate whether Africa has been marginalised in the world economy, and I think it is clear that the answer is yes.

Has Africa been 'open'?

We noted in the previous section that in terms of the share of trade in GDP African countries have been more open than most other countries. But this is not the best indicator of openness. It is more appropriate to investigate the extent of integration with international commodity markets.[2] When a country is open in this sense, international forces rather

[2] O'Rourke and Williamson (1999, 2000) argue that globalisation (and by implication openness) should be defined as the integration of international commodity markets.

than domestic conditions will determine prices. Transport costs and tariffs are factors that can isolate the domestic markets from the international ones, and create a wedge between domestic and foreign prices. When we view openness from this angle we need to investigate whether the countries have pursued a trade and foreign exchange policy that has kept them integrated with the world economy, and made it attractive for the countries to specialise according to their comparative advantages.[3]

Standard measures of openness of trade would be the average tariff rate or the proportion of goods affected by non-tariff barriers. Of course, there are problems with those measures. For example, the tariff average tends to under-weight the high tariff rates because the corresponding import levels are low.[4] Still, the level of trade protection gives an indication of the extent to which the wedge between domestic and international prices is due to policy choices. From the 1960s onwards, most countries in Africa became increasingly protectionist. Tariffs increased and a vast range of non-tariff barriers went up.

So, although trade was extensive, the high levels of protection curtailed specialisation. For a while high tariffs could attract foreign investors who could satisfy domestic demand, but since they were producing behind high tariff walls combined with overvalued exchange rates, they had a hard time breaking into export markets. The lack of foreign competition also meant that domestic firms were exposed to less competitive pressure, which negatively affected their productivity growth (Bigsten *et al*, 2000a). The slow trickle of foreign investment also meant that little new technology came in via that route. Technology flows into Africa largely come with the physical investments (Bigsten and Kimuyu, 2001), but investment levels in Africa have not been very high, particularly not compared to those of the fast growing Asian countries. The low levels of both domestic foreign investment in Africa has been due to the poor economic environment for investors with extensive controls and regulations and of the high

[3] When discussing the policy issues relating to openness it is obviously the level of protection that should be focused on. Theoretically it is not self-evident that openness increases growth. When there are market failures or endogenous technological change, the reverse *may* be the case. Free trade may make countries specialize according to their comparative advantages in sectors that produce traditional goods with little learning and technological progress, which may reduce long-run growth. This is the old infant industry argument. However, it was the basis for the old import substitution policy that did not work in Africa.

[4] In the analysis of the impact of openness on growth the often-used measures of 'openness' are highly correlated with other sources of poor economic growth. This makes it hard to isolate the effects of various factors.

perceived risks in the region due to economic swings, policy shifts, or expropriations.

The attempts to reduce the anti-export bias in Africa gathered pace in the 1990s. Taxes on exports have been abolished virtually everywhere, and many countries have introduced export promotion policies. Most countries have removed quantitative restrictions on imports and significantly lowered and rationalised their tariffs. Along with the trade reforms countries have liberalised their exchange rate and devalued their currencies, which has also helped reduce the anti-export bias. The estimated average tariff rates have gone down significantly, but one should remember that there exist a complex mixture of exemptions, exceptions, special tariffs and variable rates for different trading partners. Tariffs on some sensitive sectors are invariably much higher than implied by the official basic rates (Morrissey, 1999, pp. 12–13).

Structural adjustment policies and the opening-up of Africa

In the 1980s it became clear that the old development strategy did not work. Under the auspices of the World Bank and the IMF, African countries therefore entered into what have become known as structural adjustment policies. These entailed both macroeconomic stabilisation and structural policies aimed at liberalisation. In terms of external policies this meant a move to market-determined exchange rates and a less restrictive trade policy regime.

Short- to medium-term responses to trade reforms are likely to be on factor allocation and thus the structure of production, as resources shift from inefficient import-substituting industries to export-oriented activities. The medium- to long-term impact, on the other hand, should be more towards capital formation and economic growth. The impact of reforms will depend on changes in relative prices and the relative responsiveness of different sectors. It may also be the case that the most beneficial effects come via the reduced incentives for rent-seeking behaviour, and this is bound to be very important in corruption-prone Africa. The impact depends on what other types of reforms are undertaken at the same time. Access to imported investment goods and the technology embodied in them may be beneficial for growth, and trade reforms may also attract foreign investors.

It has been hard to establish a clear link from openness to growth (Greenaway, Morgan and Wright, 1998).[5] Sachs and Warner's (1995) results indicate that openness is very important for growth in Africa. However, their results depend on the use of a multiple index of openness, and Rodriguez and Rodrik (2000) show that the main ingredients in this that do the trick are the black-market premium and the presence of state monopolies in exports, while the more traditional and direct measures of trade restrictiveness have a limited effect. Variables that work tend to be highly correlated with macroeconomic imbalances and location in Africa. They thus tend to some extent to proxy for other types of problems than a restrictive trade policy. It may also be that corruption, or bureaucracies and other institutional problems cause a large black market. Maybe this is what the trade restrictiveness variable picks up in growth regressions. Moreover, the black market premium is very sensitive to macroeconomic and political variables. Still, even if underlying social variables cause the black market, it does not mean that the black-market premium does not affect growth prospects. In growth regressions institutional quality, being in Africa and macroeconomic disequilibria affect growth negatively. Trade reform without accompanying changes may therefore not do the trick. Rodriguez and Rodrik (2000, p. 63) do not argue that trade liberalisation on balance is not beneficial for growth, but they conclude that integration in the world economy is not such a strong force that it can be a substitute for a development strategy.

Many countries that purported to pursue structural adjustment policies did actually drag their feet, and backtracked once they had instituted some reforms. This again undermined their credibility as reformers and again made investors get back on the fence. However, by 1990 a lot had happened in a range of African countries, so a partial check on what the reform measures have achieved can be done by looking at the development during that decade. We note immediately that the growth outcomes for most countries have generally been poor (see Table 9). There are, however, large variations across countries and the more advanced reformers,

[5] Alternative strategies have been tried to analyse openness, such as the creation of alternative measures of openness (Dollar, 1992; Sachs and Warner, 1995), testing for robustness with a wider range of measures of openness (Edwards, 1998), and the comparison of income convergence experience among groups of liberalising and not-liberalising countries (Ben-David, 1993). Rodriguez and Rodrik (2000) has done a quality check of those often-quoted papers, and noted a range of shortcomings.

Table 9: Growth of GDP and exports in the 1980s and 1990s plus shares of investment shares 1990 and 1998 (%)

	GDP growth		Export growth		Investment/ GDP (%)	
	1980–90	1990–99	1980–90	1990–1999	1990	1998
High income	3.1	2.4	5.0	6.5	23	21
East Asia & Pacific	8.0	7.4	11.1	12.6	35	33
Europe & Central Asia	2.4	–2.7	–	4.4	28	20
Latin America & Caribbean	1.7	3.4	5.4	8.7	19	21
Middle East & North Africa	2.0	3.0	–	–	24	22
South Asia	5.7	5.2	6.5	9.6	23	22
Sub-Saharan Africa	1.7	2.4	2.4	4.4	15	17

Source: World Development Report 2000/01

such as Uganda and Ghana, have seen substantial improvements (Bigsten and Kayizzi-Mugerwa, 1999; Bigsten, 2000; Kayizzi-Mugerwa, 2000). But apart from old successes such as Mauritius and Botswana, none of the African countries are growing at par with the Asian Tigers, and some countries have even continued to decline. Sub-Saharan Africa as a whole had essentially the same *per capita* income at the turn of the century as in 1965.

We can note that export growth did pick up a little in the 1990s, but the rate of growth is still modest. Even the successful reformers have largely failed to break into non-traditional export markets. They still rely on commodity exports.

One of the major aims of the structural adjustment policies was to create conditions that were conducive to investment, particularly private sector investment. There has not been much in terms of aggregate response in Africa in the 1980s and 1990s. It seems clear, however, that the quality of investment has improved and that there has been a certain shift from public to private investment. Investment levels are still way below that of other regions and of course in particular relative to the successful East Asian countries.

The low levels of investment have also meant that there has not been scope for any major structural transformation. African economies are lagging behind the other regions in terms of manufacturing growth.

Table 10: Country credit ratings for some African countries

	1993	2000	World ranking 2000
Botswana	41.1	57.0	39
Mauritius	38.4	52.4	44
South Africa	39.6	45.2	58
Kenya	24.7	26.6	95
Zimbabwe	27.7	24.1	98
Uganda	7.3	22.9	101
Mozambique	8.4	19.2	108
Tanzania	12.9	19.1	109
Nigeria	20.3	18.3	112
Zambia	11.7	15.1	124
Angola	133.7	12.6	130

Source: An institutional investor quoted by the Government of Uganda in its Background *to the Budget 2000/01, p. 53*

So what are we to conclude from these results? First, although Africa has opened up very substantially, it has not made a breakthrough into the international economy outside the range of commodities that it already produced. Investment has not increased much, which is an indication that the African continent still is regarded as a high-risk environment. This is also reflected in the continued low levels of African credit-worthiness in the eyes of foreign inventors (see Table 10), although some countries that have pursued successful programmes have managed to improve their ratings substantially.

Why has Africa not taken off?

The above facts show that Africa has not taken off. Let us first consider some simple economic explanations that have been advanced. One argument is that Africa is exposed to a secular decline in its terms of trade because prices of commodities, which Africa tends to export, have risen by less than prices of manufactured goods and services, which it tends to import. Although African terms of trade are not significantly worse now than they were in the 1960s, we may note that during the period when it underwent its structural adjustment programmes, that is in the 1980s and 1990s, there was a significant decline in its terms of trade. This has not

made adjustment easier, and may have held back economic recovery. A second problem with the dependence on commodity exports is that prices swing a lot, which creates problems of its own even if there is no secular decline. This pattern of price fluctuations is a particular risk in the African environment and puts impossible demands on economic policy management (Bevan *et al*, 1990). It is hard to deal with both positive and negative shocks.

Another problem that African countries have to deal with during the adjustment phase is the large debt burdens that were built up during the vain attempts to manage economies without adjustment in the 1970s (Andersson, Bigsten, Persson, 2000). Although the total debt in dollars is not very large for Africa, in terms of its share in GDP it is much higher than that in other regions (Table 11). This debt has, of course, made adjustment efforts much more complicated in Africa than they otherwise would have had to be. The recent debt relief (HIPC) initiative is trying to deal with this problem by writing off part of the debt for countries that have a credible development strategy.

There are further exogenous factors that have been suggested as holding back growth in African economies. One is that the countries are small, so they cannot exploit scale advantages. This has some validity, at least as long as African economies are not well-integrated into the world economy. Another factor is that the level of risk tends to be high in Africa. This means that investors require very high returns there, and estimates also show that the return on capital in Africa is extremely high (see e.g. Bigsten *et al*, 2000b). Money is not flowing in, since there are few projects that can generate sufficiently high returns, which means that investment becomes

Table 11: Share of debt in GDP (%)

	1971	1975	1980	1985	1990	1995	1999
East Asia & Pacific	9	11	21	29	30	30	35
Europe & Central Asia	–	–	–	–	19	36	42
Latin America & Caribbean	20	22	34	61	44	38	46
Middle East & North Africa	12	17	21	31	43	45	44
South Asia	15	17	16	23	32	33	28
Sub-Saharan Africa	15	16	23	56	63	78	76

Source: Global Development Finance 2000. Total external debt to gross national product.

low. Other factors that have been mentioned are that Africa is located in a climate zone that is not optimal for agriculture, and there is also a high prevalence of malaria, AIDS and other costly diseases. Many countries are landlocked or have poor transportation networks that make it expensive to trade.

We have already discussed various aspects of the choice of economic policies, particularly with regard to the countries' external policies. The first observation that follows from the discussion above is that Africa has been too closed to the world economy (see the evidence in the survey by Collier and Gunning, 1999). But there is also the whole spectrum of distortions due to ineffective economic policies, and which countries have tried to revise during the last two decades. These were on the one hand general macroeconomic distortions such as overvalued exchange rates, budget deficits and excessive money supply growth. On the other hand there were problems of a more institutional character such as excessive government control and regulation, state ownership of firms, poorly functioning financial markets and an ineffective (or corrupt) government sector.

There has been progress on these fronts during recent years, but it could be argued that the reforms are still insufficient. Once they are fully in place, the response may be more significant. This argument has some validity, but it begs the question of why reforms are not effectively implemented. The root of this has to be sought in the way policy-making functions in Africa, that is the political process. Is there anything in political processes in Africa that hinders the realisation of its economic potential?

Policymaking depends on the interaction between interest groups in different ways. In Africa, political processes, even in the more democratic set-up that currently prevails, are unusually dependent on the actions of special interest groups. There is extensive corruption and mismanagement, and the interaction between politics and ethnic rivalries makes it hard to establish long-term stable and undistorted strategies (see Bigsten and Moene, 1996). It may also be argued that apart from the ethnic dimension, economic structures tend to influence political outcomes. For example, standard trade theory suggests that a country should optimally adjust its economy according to its comparative advantages. However, what if the comparative advantages imply a policy that is counter to what is politically desirable? For example, if a country is abundant in land (or natural resources) it may be inappropriate to let the wages of labour increase too

fast, while we know that higher urban wages have been politically desirable in Africa (see Bigsten and Kayizzi-Mugerwa, 2000).

But why are there no effective forces that can guarantee good governance? There is obviously also a lack of democratic control in the countries that have been (partially) democratised. The government in power often tends to look to the interests of its core supporters rather than the welfare of the country as a whole. The external pressure for democratic change has also been weak until recently, but it is possible that economic reform programmes to some extent have contributed to political openness. It has been argued that what is lacking are agents of restraint that can force governments to behave responsibly and to introduce sensible economic policies and stay on track. The increased openness and debate in most African countries may in the longer term contribute to a change in this direction, but so far one cannot say that there in general has been a major change in government behaviour. Therefore much remains before the political process can produce effective government and policy making.

What is the way forward?

Africa's growth performance has been very poor since independence. Is this because Africa has not been blessed by the forces of globalisation? Is Africa delinked, and therefore poor? We have argued that one can look at the integration into the global economic network in two ways. When it comes to the extent of interchange of goods and services, we find that Africa is highly integrated into the global economy. More so than many other regions of the developing world. However, when it comes to pursuing an open economic policy with low tariffs and where world prices are reasonably reflected in the domestic prices, most African countries have been delinked or closed, at least until very recently. This paper argues that inward-orientation has hurt African growth. The high levels of tariff and other protection have lead to inefficiency, and have also opened one more avenue for rent-seeking and corruption.

When it comes to financial flows (other than aid) Africa is largely delinked. Or rather, the financial framework is there, but little money is flowing in and unusually large amounts are flowing out. In terms of the flow of ideas and information at least the African elites are well connected

to the world, and policy making has in the recent few years been much influenced by ideas from the outside.

We have argued that certain types of economic reform are desirable and we have also pointed out that some of those are hard to implement in the African context. When they are formally implemented, they are often done so in a biased and ineffective way, which means that the outcomes will not be as expected.

One may, of course, take the discussion one step further and ask why the level of protection has been so high. Essentially it was started as an attempt to industrialise and to pursue an infant industry policy. This did not work and eventually the policy was taken over by vested interests that wanted continued protection for inefficient industries. Whatever the cause, it was the export-oriented farmers who paid the price in terms of lower incomes. In the longer term most groups have suffered because of the lack of growth. The average African is barely richer today than 30 years ago.

So what is the way forward? Globalisation is not a panacea for development! It can help, but for the effects in terms of economic growth of opening-up to be substantial, other aspects of the economy also have to be in order. Macroeconomic policies must be right as well as the institutions supporting the economy. Excessive corruption, poor policies or poorly implemented policies will negate the effect of attempts to open up and integrate into the world economy. Will opening up also help systems to reform themselves in the more domestic dimensions? This is hard to prove one way or the other, but it does not seem unreasonable to believe that a more open environment will make it harder to be corrupt and to pursue counter-productive policies.

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