U.S. POLICY TOWARD SUB-SAHARAN AFRICA

Congress should

- expand the Africa Growth and Opportunity Act by granting tariff- and quota-free access to all imports from sub-Saharan Africa;
- end U.S. farm subsidies that undermine African producers and keep food prices in the United States unnecessarily high;
- discontinue bilateral aid to African governments and oppose International Monetary Fund and World Bank lending to the governments in the region;
- discontinue the U.S. Africa Command, which might draw the United States into more conflicts and be viewed by Africans as a neocolonialist venture; and
- be realistic about the efficacy of "smart sanctions" to force positive change, but continue to use them against leaders who are under suspicion of corruption and human rights abuses.

Sub-Saharan Africa (hereafter "Africa") consists of 46 countries and 9.4 million square miles. With a population of 1.13 billion, more than one in seven people on earth live in Africa. The continent's share of the world's population is bound to increase because Africa's fertility rate remains higher than elsewhere. If current trends continue, there will be more people in Nigeria than in the United States by 2050.

Africa is the world's poorest continent, but it is no longer a "hopeless continent," as *The Economist* described it in 2000. Since the start of the new millennium, average per capita income adjusted for inflation and purchasing power parity rose by more than 30 percent. Between 1999 and 2019, Africa's GDP growth rate has averaged 4.2 percent per year, not only because of high commodity prices but also because of better economic policies.

Increasing wealth has led to improvements in key indicators of human well-being. In 1999, 59 percent of Africans lived on less than $1.90 per person per day. By 2018, 40.4 percent lived on that income—while the population rose

from 613 million to 1.13 billion. If the current trends continue, Africa's absolute poverty rate will fall to 29 percent by 2030.

Life expectancy rose from 50 years in 2000 to 62 years in 2019. Infant mortality declined from 91 deaths per 1,000 live births to 50 deaths over the same period. When it comes to HIV/AIDS, malaria, and tuberculosis, the occurrence, detection, treatment, and survival rates have all improved. Food supply is around 2,500 calories per person per day (the U.S. Department of Agriculture recommends consumption of 1,900 calories for moderately active women and 2,500 calories for moderately active men), and famines have disappeared outside of war zones.

In 2019, before the socioeconomic impact of COVID-19 and the associated lockdown policies, primary, secondary, and tertiary school enrollments were at all-time highs. After a modest decline in 2020 and 2021, enrollment rates are rebounding.

Africa's improvement across a range of metrics of human well-being was so substantial in the first decade of this century that, in contrast to its analysis in 2000, *The Economist* described the region as "the hopeful continent" in 2011.

Compared with previous decades—when much of the continent eschewed globalization, competition, free trade, foreign direct investment, and multinational corporations—an increasing number of African governments appreciate the benefits of participating in a global economy. Economic freedom has grown since the start of the new millennium, and the business environment has improved. These trends may well continue in this decade.

Conversely, there has been no substantial improvement in the quality of Africa's political institutions. The quality of the rule of law and the amount of corruption in the public sector are strikingly similar to 2000 levels. Similarly, political and civil freedoms have not noticeably improved.

Africa's demographic and economic expansion will present the United States with unique opportunities and challenges. Africa's natural resources, including minerals and metals, will remain important. Similarly, given that the continent is home to 60 percent of the world's arable land, its agricultural output could become more substantial thanks to increased population and improved farming techniques. Finally, the rising affluence of the African consumer will make the continent more lucrative to American businesses.

Whatever challenges pertaining to Africa's economic and institutional development remain, Americans need to recognize that the ability of the United States to influence Africa's politics and economics is limited. Most of Africa's developmental challenges are caused by domestic factors that require domestic solutions.

Domestic Reforms

Much of Africa's postcolonial history was marred by governments' mismanagement of the economy. In the second half of the 20th century, many leaders of newly independent states embraced a form of "African socialism," and central control of economic activity became the norm. That development strategy proved not to be conducive to economic growth.

Debilitating inflationary monetary policies; price, wage, and exchange rate controls; and marketing boards kept the prices of agricultural products artificially low and impoverished African farmers. State-owned enterprises and monopolies were commonplace. In many states, the embrace of statist policies created oversized bureaucracies and helped perpetuate one-party governance.

After the fall of the Berlin Wall, that began to change. Socialism lost much of its appeal, and the Soviet Union, which bankrolled and protected many African dictatorships, fell apart. As a result, dozens of African states were integrated into the global economy. Between 1990 and 2019, economic freedom, as measured by the Fraser Institute in Canada, rose from 4.74 out of 10 to 6.40. Freedom to trade rose even more, from 4.36 to 6.26. Africa has also made much progress in monetary policy, or access to sound money, which rose from 5.25 to a remarkable 7.55 over the same period.

Africa has made similar strides in microeconomic policy. As the World Bank's *Doing Business* report indicates, Africa's regulatory environment is much improved. Starting a business, for example, is much easier than in the past, having risen from a score of 41.1 out of 100 in 2004 to 80.1 in 2020. Construction permitting, resolution of insolvencies, access to electricity, ease of paying taxes, time to register property, and getting credit have all improved considerably.

Some countries have adopted more democratic constitutions that include term limits and other legislative and institutional checks on the executive branch of government. In the Varieties of Democracy Project's Liberal Democracy Index, Africa's score rose from 0.15 in 1990 to 0.29 in 2021, of a perfect 1.0.

Unfortunately, many African rulers have found ways to circumvent constitutional checks and balances and to remain in power and abuse that power. According to the World Bank, corruption continues to thrive among government officials and, importantly, among members of the judiciary. Consequently, rule of law indicators for African countries have remained largely unchanged and in some instances have marginally declined. Africa's economic potential will always remain unfulfilled without efficient and impartial courts.

That said, as experience in other regions shows, institutional development tends to lag behind economic reforms. In the long run, the growth of the African middle class, which is growing in large part thanks to increased economic

liberalization, could yet result in a political awakening, a greater assertiveness of the African populace, and eventual widespread democratization.

Free Trade

The United States can help Africa by further opening its markets to African exports. Congress took a step in the right direction by adopting the Africa Growth and Opportunity Act (AGOA) in 2000, which provides unilateral duty-free exports for 6,500 products from Africa. In 2015, AGOA was extended until 2025. Today, 36 African countries remain eligible to export to the United States under the terms of AGOA. The president annually reviews the AGOA membership list, with eligibility criteria based on a range of issues, including governance, domestic policies, workers' rights, and human rights. In December 2021, for example, President Biden removed three African states from AGOA.

The benefits of free trade are political as well as economic. First, free trade and concomitant job growth can help create political stability in poor countries, thus making those countries less susceptible to extremism and more capable of eliminating terrorist cells aimed at harming the United States. Second, trade increases specialization, which leads to increased productivity. Reductions in the cost of production lead to cheaper goods and services, which, in turn, increase the standard of living for Americans and Africans alike.

Unfortunately, Washington limits the economic benefits of AGOA in two specific ways. First, some quotas predate AGOA and were not amended by the legislation. Second, AGOA excludes some agricultural products from duty-free access, including sugar, tobacco, peanuts, dairy, beef, and processed agricultural goods, such as dried garlic, canned peaches, and apricots.

Since the United States does not, by and large, produce the same kinds of goods and services as AGOA countries do, further trade integration is politically feasible and unlikely to run into heavy protectionist sentiment.

Agricultural Subsidies

In addition to making AGOA more comprehensive, the U.S. government should stop subsidizing the American agricultural sector. The 2018 Agriculture Improvement Act (2018 Farm Bill), which amended the 2014 Farm Bill, is expected to cost the taxpayer $428 billion between 2019 and 2023. In 2020 alone, farmers derived almost 40 percent of their income directly from U.S. government subsidy schemes.

By artificially lowering the price of U.S. farm goods, farm subsidies increase the price of foreign goods relative to U.S. goods and reduce imports. Ending farm subsidies would make some agricultural products exported by African

countries more competitive, would increase African farm incomes, and would reduce poverty in Africa. Doing so is especially important considering the foundational role agriculture has historically played in economic development.

Aid and Debt

The Nobel Prize–winning economist Angus Deaton has noted, “If poverty is not a result of lack of resources or opportunities, but of poor institutions, poor government, and toxic politics, giving money to poor countries—particularly giving money to the governments of poor countries—is likely to perpetuate and prolong poverty, not eliminate it.” That is an especially accurate description of aid to Africa.

Instead of stimulating private-sector growth, as a 2005 working paper published by the International Monetary Fund (IMF) put it, there is ample long-term evidence that “aid inflows have systematic adverse effects on a country’s competitiveness.” Aid increases the size of government and enables government officials to embezzle large amounts of money, misspend much of it on loss-making projects, or increase military expenditures. Indeed, in 2012, the then World Bank president Ban Ki-moon claimed that 30 percent of development aid “failed to reach its final destination,” and Paul Collier, an economist at the University of Oxford, has estimated that 40 percent of Africa’s military spending is inadvertently financed by aid.

Crucially, by making recipient governments more accountable to aid agencies rather than their citizenry, aid has served as a disincentive to economic and political reforms. Even researchers from the World Bank, in a study conducted between 1975 and 2000, have acknowledged that they could find no evidence that aid promoted democracy. Today, most researchers agree that economic growth depends on market-oriented domestic policies, not aid.

Since most African nations gained independence in the 1960s, the region has been one of the largest aid recipients per capita. Yet the region’s growth rate averaged 1.7 percent per year during the final 20 years of the past millennium and has averaged 4.3 percent since the start of the new millennium. The difference in the growth rates then and now is not due to the increased amount of aid but rather to high commodity prices and domestic reforms.

Considering the negative consequences of aid and the precarious state of American finances, it is surely time to stop transferring financial resources to governments abroad. The sums are not trivial. In 2019, the most recent year for which comprehensive data are available, the U.S. Agency for International Development (USAID) spent $48.1 billion globally, with disbursements to Africa amounting to $12.0 billion—far more than 20 years earlier. In 1999,

only one African country appeared among USAID's top 15 aid recipients. In 2019, there were six.

If Congress insists on spending resources on African projects, developing human capital might deliver greater dividends than giving money to African governments. More African judges and lawyers, for example, might benefit from observing the workings of an efficient and impartial judiciary in the West. Similarly, African businessmen and women might benefit from easier travel to and work in the United States, thereby learning best business and accounting practices. Congress could help build Africa's human capital by relaxing visa and work requirements for Africans. Doing so would make it easier for private organizations to offer scholarships and apprenticeships to qualified applicants.

Aside from bilateral aid, Washington also participates in multilateral aid schemes overseen by various international institutions, including the World Bank, the African Development Bank, and the IMF. Those multilateral institutions have often backed unsavory African regimes engaged in human rights abuses and gross macroeconomic mismanagement. And although the World Bank's structural adjustment programs and IMF lending were designed to provide credit in exchange for reforms in the region, African compliance with lending conditions has been poor or nonexistent.

The World Bank and the IMF do not have the ability to enforce compliance with their loan conditions. Yet both agencies keep lending, and Africa's debt continues to accumulate. Under the Heavily Indebted Poor Countries Initiative, 30 of the 37 eligible countries worldwide are in sub-Saharan Africa and receive some form of debt relief amounting to tens of billions of dollars. Consequently, Africa's general government gross debt-to-GDP ratio fell from 61 percent in 2000 to a low of 23 percent in 2008. Since then, the ratio has climbed back up to 56 percent in 2021.

Unlike in the past, when African governments borrowed almost exclusively from official creditors, such as the World Bank and the IMF, today Africa owes about 45 percent of its $700 billion debt to private creditors. This is a step in the right direction because private lenders tend to be more circumspect when lending money to African countries and more insistent that African governments fulfill their commitments to reform and repayment. The discipline that markets impose on historically irresponsible governments would be much enhanced if official aid to Africa ceased.

China

In 2008, *The Economist* published an article titled "The New Colonialists," which bemoaned the supposedly massive Chinese expansion in Africa. Accord-

ing to the article, many Western politicians worried about "losing Africa to China." In 2015, *The Economist* published a follow-up story titled "Not as Easy as It Looks." The article noted, "Western worries about China's burgeoning influence in Africa may be overblown." Yet in 2022, the magazine was back to "How Chinese Firms Have Dominated African Infrastructure," noting that "when it comes to building big things in Africa, China is unrivalled." What explains this apparent paradox?

Chinese investment overseas is unusual because some, perhaps most, of China's foreign direct investment (FDI) is driven by the Chinese government's foreign and domestic policy goals, not by the commercial objectives of the Chinese private sector. Consequently, unlike Western lenders, Chinese lenders are often willing to back projects created by African governments that will likely never turn a profit. This approach partly explains why Chinese investment, especially in infrastructure, has ballooned in recent years.

Between 2003 and 2020, annual flows of Chinese FDI to the continent have increased from just $74 million to $4.2 billion. By comparison, U.S. FDI to Africa amounted to just $2.1 billion in 2020. Chinese FDI flows to Africa have been higher than U.S. FDI flows since 2013. Similarly, China has been Africa's largest trading partner since 2009.

Yet Chinese investment in Africa ought to be kept in perspective. The stock of Chinese investment in Africa stood at $44 billion in 2019, making China the fourth-largest investor on the continent. Also note that Africa's trade with the European Union is almost 2.5 times larger than the continent's trade with China.

Moreover, although an estimated one to two million Chinese people live in Africa, that's just 0.09 to 0.17 percent of the people who live on the continent. The combination of the Chinese presence in Africa and Chinese business practices has been accompanied by the rise of African xenophobia, resentment, and many anti-Chinese protests on the continent.

Most importantly, the Chinese have found that doing business in Africa is more difficult than elsewhere. The lack of basic infrastructure (including ports and roads), the byzantine bureaucracy, and the lack of reliable electric supply have hindered some of China's larger ambitions. In 2014, for example, Chinese lenders were quick to provide a $3.2 billion loan for a new Kenyan railway despite the World Bank warning it would never turn a profit. In 2015, the expansion of the new line meant that the loan topped $4.7 billion. Yet so far, the project has lost more than $200 million and has left the Kenyan government loaded with more debt.

Chinese loans to Africa, it seems, are largely driven by the Chinese desire to build a client voting bloc in the United Nations that befits a great power, to invest accumulated capital emanating from Chinese trade surpluses, and to

find employment for Chinese labor, rather than sound business considerations. The United States—which already has large international support among democracies and runs huge annual deficits—does not need to "buy" friends and should not try to emulate the Chinese example.

AFRICOM

The U.S. Africa Command (AFRICOM) began operations on October 1, 2007. Today, AFRICOM has approximately 2,000 assigned personnel. About 1,400 people work at the command's headquarters in Stuttgart, Germany. Others are assigned to AFRICOM units at MacDill Air Force Base, Florida, and Royal Air Force Molesworth, United Kingdom. In 2021, AFRICOM had a budget of $277 million.

Unlike America's other regional commands, AFRICOM is not intended merely to manage military planning in its area of responsibility. Instead, AFRICOM's mission is to coordinate with other U.S. agencies, such as USAID, to help African governments establish peace and stability and bring about economic development. AFRICOM's mission assumes not only that American military officers know the causes of Africa's problems, but that they are able to help Africans fix those problems. This assumption is often incorrect. One prominent example of AFRICOM's inability to achieve its stated mission is its failure in Mali. Despite spending millions of dollars on government support and training in Mali before 2011, Mali's government quickly crumbled when faced with an insurgency by al Qaeda–affiliated groups.

Originally, AFRICOM was meant to be headquartered in Africa. But things have not gone as planned. Many African nations proved unsuitable to host AFRICOM because of political instability, ongoing civil wars, or large and unfriendly populations. Other countries saw AFRICOM as a neocolonial adventure necessitated by America's supposed hunger for Africa's natural resources. Nigeria and South Africa, for example, have been vocal in their opposition to the expansion of the American military presence in Africa. Indeed, a 2018 report from the Carnegie Endowment for International Peace found that the American military presence in Africa not only has created backlash against local governments, but has increased resentment of the United States.

Another problem with AFRICOM is the lack of full cooperation from the State Department, which has been reluctant to subordinate U.S. diplomats to the U.S. military. With good reason, the State Department believes that America's African embassies are better places than military bases in Germany from which to engage with African governments.

AFRICOM's advocates say that terrorist organizations, such as al Qaeda, would eventually run much of Africa were it not for the military training that

AFRICOM provides to the African militaries and the water wells it helps dig in African villages. In reality, there has been growing evidence of African and European troops working to ensure stability in the region, without the need of U.S. intervention.

AFRICOM has not had a real impact on America's security. As AFRICOM's commander Marine Gen. Thomas Waldhauser noted before the House Armed Services Committee in 2019, "The threats we are working against aren't necessarily a threat to the homeland and may not be a threat to the region overall . . . even though [some groups] may call themselves Al Qaeda or ISIS, sometimes it's difficult to say they're a threat to the homeland."

Moreover, most Americans oppose the United States' acting as the world's policeman. Given that African conflicts pose no compelling threat to the vital national interests of the United States, AFRICOM should be disbanded, and American troops should return home.

Smart Sanctions

In the past, the United States has often imposed some form of sanctions to punish the perpetrators of gross human rights violations. However, it is important to recognize that few international sanctions have led to policy changes in targeted countries. To the extent that they helped end apartheid, the success of sanctions against South Africa appears to be an exception, not the rule.

There are several reasons for the limited effectiveness of sanctions. Global agreement on imposition of sanctions is difficult to reach and even more difficult to maintain. Moreover, as sanctions against Saddam Hussein's Iraq showed, all too often it is the poor who suffer, not the ruling elite. Should the United States feel compelled to target those leaders in Africa who are strongly suspected of corruption and human rights abuses, it might consider resorting to international arrest warrants, freezing of personal assets abroad, prohibitions on travel, and arms embargos. That said, caution is in order: there is little evidence that such smart sanctions will bring about change in government policies or make the lives of the ruling elite more difficult.

For example, despite smart sanctions being imposed on him and his cronies by the United States in 2003, Robert Mugabe continued to run Zimbabwe for another 14 years. He enjoyed shopping and traveling overseas and had access to the best health care until his death in an expensive private Singapore hospital in 2019. At home, he used "American sanctions" to stoke anti-Western sentiments and blamed the United States and other Western powers for Zimbabwe's economic problems. In many cases, international sanctions also create a "rally 'round the flag" effect, whereby support for domestic leaders increases in time of hardship or other crises.

Today, Mugabe's successor Emmerson Mnangagwa has smart sanctions imposed on him. Yet Mnangagwa continues to travel internationally using expensive private jets, receives treatment in private hospitals abroad, and despite little evidence to the contrary, like Mugabe, he continues to blame Zimbabwe's weak economic performance on U.S. and EU sanctions.

Ultimately, the chief responsibility for the quality of government on the African continent rests with the African people, not with the well-meaning Americans.

Suggested Readings

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