Alex de Waal

The perverse logic that divides impoverished Africa

Why is the entire African continental economy no larger than Spain's, and the combined GDP of the 40-plus countries that lie between South Africa and Egypt scarcely bigger than the annual turnover of ExxonMobil? A weary consensus has emerged that blames low prices for Africa's agricultural exports, corruption, cash-starved infrastructure and, increasingly, the devastating economic impact of AIDS. But less explored is the perverse logic of dividing Africa's small economic space into fifty sovereign entities. Regional economic integration is an absolute prerequisite for poverty reduction: expanding markets, attracting investment, and increasing savings. Unfortunately, there are powerful interests that stand in its way – mainly the politicians and bureaucrats who extract rent from their possession of sovereign privileges to tax and regulate.

Take Djibouti in northeast Africa. It has about half a million people and virtually no domestic economy. It depends wholly on three things: a port and railway link that serve the much larger economy of landlocked Ethiopia, a French military base (recently augmented by a U.S. command centre, used for keeping watch on Yemen and monitoring al Qa'ida's attempts to infiltrate the Horn of Africa), and lastly the fact that tiny Djibouti, by virtue of its sovereign independence, has a seat at the United Nations, the African Union and the Arab League, and therefore also has representation at the World Bank, United Nations specialised agencies and bilateral donors. A simple survey will show that across Africa, the smaller the country, the more aid it receives per capita. Partly this is simply because most nations have a desk officer in every large aid bureaucracy and thus a champion in the system. And partly it is because every now and then, the vote of that country may become important in some critical international forum. (The U.S. suddenly became much more conciliatory towards Angola last summer, coinciding with Angola taking one of Africa's seats on the U.N. Security Council.) Small countries are also more attractive as sites for military bases: their domestic problems are more manageable and their loyalty is more easily obtained than larger ones.

Five years ago, there was some discussion that Djibouti might merge with its neighbour Ethiopia. The rents that Djibouti's rulers can extract from the international system have put paid to that. On the other side of the continent, tiny Gambia broke up its sensible confederation with its sole and much larger neighbour, Senegal, because its leading officials were profiting too little from the arrangement.

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The executives of international oil corporations, avowed globalisers in theory, are in practice the friends of regressive political economies. Oil companies prefer to negotiate deals with small countries rather than large ones: in a country with a million people, political stability can simply be bought, whereas there is a sad history of oil fuelling conflict in larger countries like Angola, Nigeria and Sudan. Oil wealth is a top-down resource: it's easy to distribute as largesse, and the smaller the constituency, the more effective it can be.

NGOs certainly have no intention to impede the continent's growth, but their operations may, at times, do exactly that. Aid agencies control substantial parts of the transport sector in Mozambique, but their contracts are not awarded through competitive bidding, but instead on opaque criteria developed by bureaucrats behind closed doors in Washington or Brussels. The domestic entrepreneurial class cannot compete.

Forty years ago this week, Africa's independence leaders came together to form the Organisation of African Unity—a minimum framework for organising the continent during the turmoils of the Cold War. Ordinary Africans longed for something more: true political unity. Last year in Durban, Africa's heads of state finally agreed to establish an African Union, a big step along this road. The new institution promises to build an ambitious array of institutions including a Pan African Parliament, but it is likely to be hampered by financial weakness and the vested interests of governing elites. Regional economic integration has historically been driven by a powerful manufacturing sector seeking to expand its markets. This is the case for Europe, the Far East and North America, and is manifestly the case for economic globalisation. By contrast, regional integration among non-industrialised countries has had more modest achievements – from the Mercusur economic cooperation pact in Latin America to the historic alliance of independent frontline African states against Apartheid South Africa.

As the least developed continent, Africa faces the greatest challenges to integration. With the exception of South Africa, it is largely dependent on agrarian produce, minerals and aid. The African Union's member states have long been used to seeing their continental organisation as a forum to defend their sovereign interests, and a bureaucracy in which to place 'their men'. The current and incoming chairs—South Africa and Mozambique—are both democracies, but there are fears as to the standing of the Union if a less respected country were to become its head.

However, there have been encouraging steps. In its last years the Organisation for African Unity refused to recognise the putschists in Sierra Leone and Ivory Coast, and insisting on only accepting rulers who come to power through constitutional means.
But only when a Pan-African parliament is established that can set continental standards for democracy, mineral companies forced to become more transparent about payments to countries, and aid distributed in ways that promote economic integration, will Africa begin to escape its structural paralysis. That will require African leaders to sacrifice the spoils of sovereignty for the long-term promise of continental development.

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