

Factors That Contribute To Economic Development: Africa Vs. Europe – The Global View

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INTRODUCTION

When evaluating the process of economic development on a global scale one is struck by the wide range of performance success between the different regions of the world. We use the common measure of Gross Domestic Product (GDP) Per Capita as the measure of economic performance. Infrastructure (e.g. roads, telecommunications), & social measures (e.g. literacy, life expectancy) are other measures of development that are commonly used when evaluating the different countries or regions of the world. Using these measures it is the Europeans and North Americans plus some Asian pacific countries (e.g. Australia, Japan) that are most advanced while the countries in Africa that lag. The wide range in performance raises the question as to why. Specifically what factors bring about economic development and why are these factors effective in some regions and not others?

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LITERATURE REVIEW and METHODOLOGY

The following paper is based on both a review of the historical record and current observations. Reviewing text books (e.g. International Business by Daniel, Radenbough, and Sullivan, and International Politics on the World Stage by Rourke) was the source for much of the background information. Current publications (e.g. New York Times) and electronic sources on the internet (e.g. Wikipedia) were used to get a sense of what is happening today in Africa. Major international organizations (e.g. UN, World Bank) studies were utilized to provide additional statistical data. But the most important basis for the paper was personal observations made by the author during an extensive 5 nation, 5,000+ kilometer trip to southern Africa made in the summer of 2009.

The observations made were compared to other personal observations, by the author, to Europe, Asia, and Latin America, almost 80 countries in total, that highlight the common and unique characteristics that different countries and regions possess.

Consequently the basis for the paper is a combination of secondary research and primary, observational, research that is qualitative in nature.

BACKGROUND

Africa is a vast diverse continent with over one billion people spread over 50 countries with a total GDP of \$2 trillion and GDP per Capita of \$2,000. The continent can be divided into three major regions; the North (Sahara), Center (Sub Sahara) and South. There is a multitude of cultures and hundreds of tribes in Africa but some generalities can be made. The North is populated by Arabs who are Moslem, the Center is virtually Black who practice a mix of Christian, Moslem and native religions, and the South, while mostly black also has a significant white population with a smaller Moslem representation than in the Center. This makeup is a result of the colonial period and earlier Moslem invasion. Countries in these

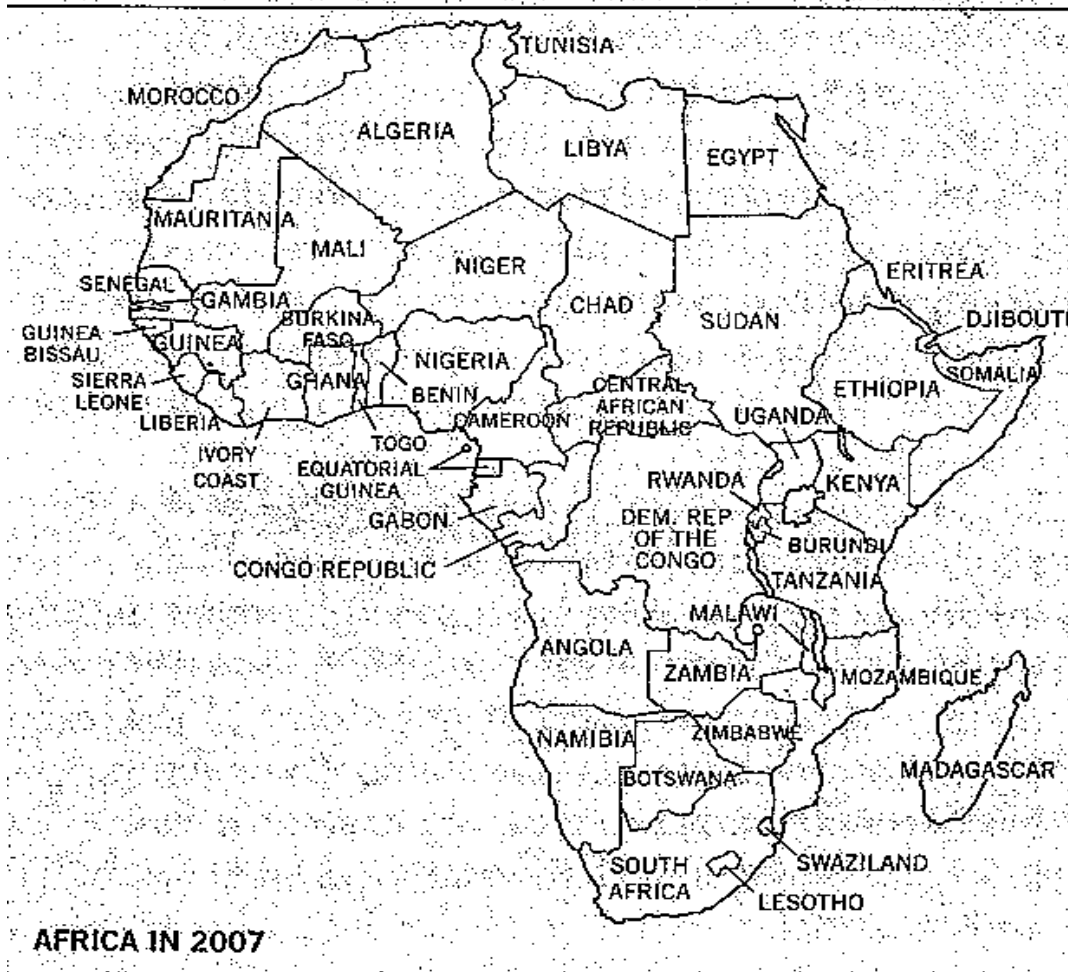
regions include; Egypt and Morocco in the North, the Congo and Nigeria in the Center and South Africa plus Zimbabwe in the South. Finally, what is interesting to note that “mankind” is postulated to have begun in Africa only to spread east, to Asia, and later north to Europe. Also no historically great empires had existed in Africa after Egypt and for two millennia Africa was divided into many small areas.

Western Europe, on the other hand, has almost half the countries with half as many people has a GDP of over \$15 trillion resulting in a much higher Per Capita figure of \$30,000.

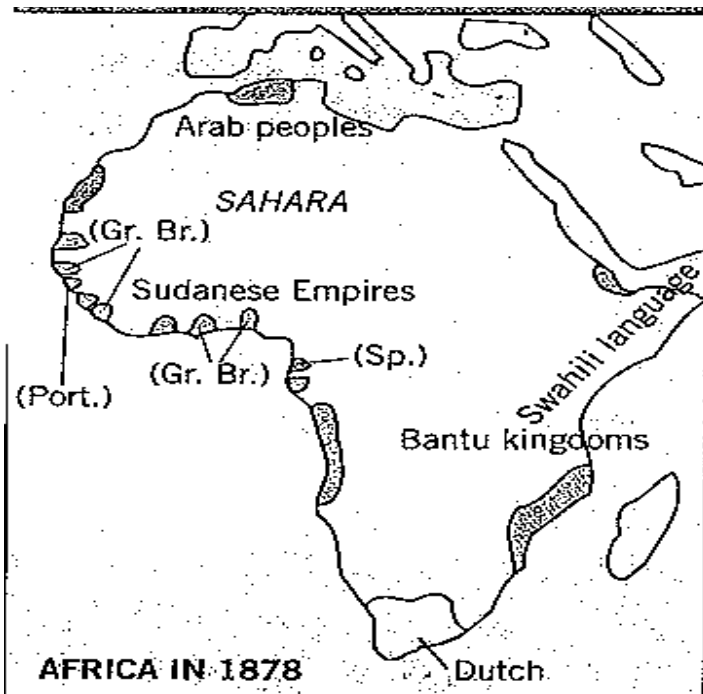
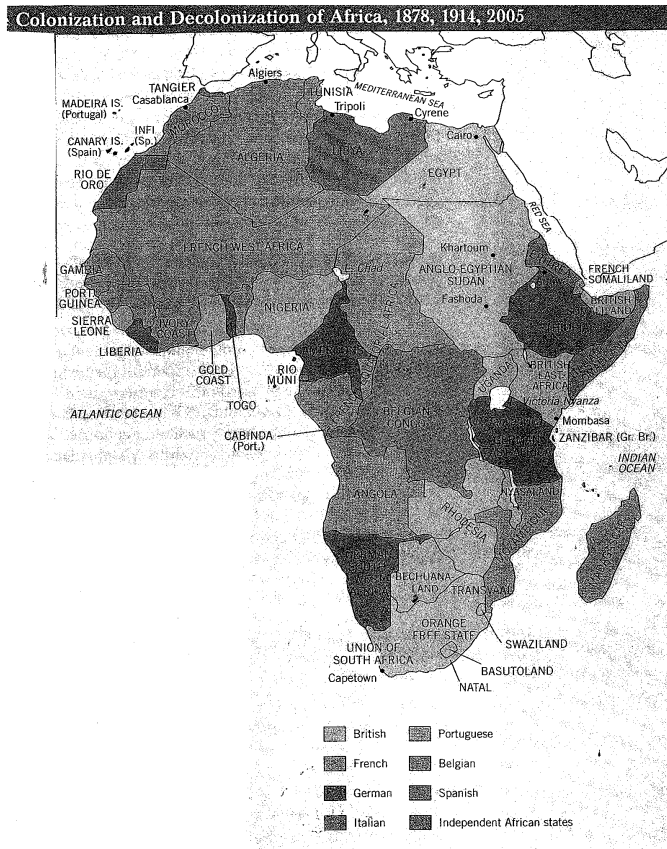
Europe is overwhelmingly Caucasian but with many cultures that are a result of historical experience. From ancient Greece, through the Roman Empire and later periods of decline (i.e. Dark Ages) and rebirth (i.e. Renaissance) to the building of colonial empires (e.g. Spanish, British, etc.) the history of Europe is marked by conquest. Interestingly, with the growth of the European Union Europe seems to have come through a full circle to have a common economy, standards, and a dominant language (i.e. English) as was the case during the Roman period. The historical context was one of continuing rivalry among large nations that resulted in many innovations. The Greeks developed a democratic form of government. The Romans were master engineers and infrastructure (e.g. roads, aqueducts) builders plus unifiers. They created a legal system (Roman law) used a common language (Latin) and imposed peace (Pax Romana) over a vast area for many centuries. After the fall of Rome there was a long period of decline. Over the last 500 years there were a number of empires that emerged in Europe and conquered the world. The Spanish colonized the Americas while the British as well as French as well as Portuguese all took their part. Even the Italians, Belgians and Germans played a part and left their mark on Africa. Over a period of less than 125 years Africa transitioned from Terra Incognita to colonial Hodge podge to the independent countries of today (see ensuing maps).

Prior to colonization Africa served as a source of manpower, especially for the new world

through the system of slavery. Europeans traded with local African chiefs and transported slaves, in the millions, to the Americas in return for gold or other goods. This system had significant impact on both the new world, where a Civil War was fought over the issue and Africa where a dependant slave/owner mentality was created. Consequently, the relative development and wealth of Europe and the lack of development plus poverty in Africa is the direct result of the relationship between the two countries over the last century. The colonization of Africa by European empires and the use of the formers resources to enrich the latter created what we term the First world (Europe) and Third world (Africa) with long term consequences. Thus to better understand the current situation we need to analyze causal factors and resultant effects. These include base factors (e.g. culture) and resultant factors (e.g. technology) that play a part in economic development.



Africa 1914



CULTURE

The various elements that comprise culture include; religion, language, common history and

attitudes. Today there are three dominant, by the number of believers, religions in the world including, Christianity (2 billion adherents), Islam (1.5 billion) and Hinduism (.8 billion). Two other belief systems also deserve mention. These include Judaism the root religion for Christianity and Islam, and Confucianism, more a philosophy than religion that is also followed by hundreds of millions of people. Of these, it was noted that, in Africa, Islam and Christianity are followed while Europe is overwhelmingly Christian. Africa is fragmented by hundreds of languages and dialects with the few multi country languages being a function of the colonial experience. Thus, Arabic is common in North Africa while English is the language of Southern Africa. French is spoken in West Africa and different languages (e.g. German, Portuguese, Italian, etc.) spoken in the different former colonies of these respective countries. In the 20th century, with the dominance of America, English has become the de facto lingua franca of the world. Also in Africa, the one common language in the continent is English. The same is also true for Europe where local languages have been augmented by English as the common language for business and culture.

Historically Africa is a continent ruled by tribal affiliations. The concept of a nation state was largely imposed on the continent by rival European colonial empires as they staked out their claims. As these colonial powers vied for territory they drew national boundaries across Africa that reflected their explorative “discoveries” and military power creating a continental map without regard to tribal loyalties. As a result the continent is rife with conflict that at times, reach genocidal proportions (e.g. Rwanda and Darfur in the Sudan). Some countries also changed hands as a result of war (e.g. South Africa/Boer War and Namibia/World war I). Today the map of Africa and the resulting cultural divisions is a direct result of the period of colonization.

European continental history evolved over thousands of years starting with the Roman period through a series of conflicts resulting in today’s map. The Romans ruled southern Europe and

were under constant attacks by local tribes (e.g. Franks, Gaul, Visigoths, etc.) that were unique in their culture and history. After the collapse of the Roman Empire and subsequent Dark Ages six cultures emerged as dominant at various times. The Ottoman Empire controlled the Balkans, and the Slavs (e.g. Russia) Eastern Europe. The French and Germans competed for the land portion of Europe while the Spanish and English fought for mastery of the sea.

Over the centuries these rivalries were a catalyst for technological innovations as the countries tried to gain superiority over each other. They were particularly proficient in developing the skills necessary in warfare and industrialization. The great industrial revolution is a one major advancement as well as advancements in naval and land engineering. Two cataclysmic wars in the last century changed the map of Europe and the world.

World War I brought an end to the old world and the dissolution of some empires (e.g. Ottoman) while World War II set the stage for the current situation. The Second World War saw the emergence of the United States as the dominant military, economic and cultural power in the world. It also began a process of decolonization that resulted in many former colonies gaining their independence in the last half of the 20th century. In Europe, the development of the European Union created a unified continent and an economic power stronger than the US. In Africa, the newly independent countries were plunged into continual warfare. This history has had a direct effect on the process of economic development, or lack there of, in Europe and Africa.

DEVELOPMENT

As Adam Smith noted in his book “The Wealth of Nations” it is competition that drives efficiency and innovation. In Europe the competition between the large nation states resulted in the development of infrastructure, technology and the continuing search for resources. This competition resulted not only in economic development but also the development of a system of colonization.

Prior to Africa the European focus was on finding a sea route to China. The inadvertent

discovery of the New World, by Christopher Columbus focused the attention on the Americas. First Spain and later the British and French colonized the continent with the resulting Spanish and Portuguese colonization of Latin America and the British/French colonizing the North. In the development of the Americas the colonizing powers needed manpower and established the system of slavery. They turned to Africa as a source of slaves. Originally they traded with local chieftains in Africa but later found it cheaper to control the continent. This process was magnified by discoveries of gold and other resources and the desire to control territory. Thus to enrich themselves the European powers carved up Africa with the English dominating Southern Africa, The French West and North Africa, the Portuguese the coastal strip and the Spanish parts of Northern Africa. Even the Germans, Italians, and Belgians got into the act by grabbing pieces of land that they laid claim to due to their explorations. The colonizers used the colonies for their own benefit. They built the infrastructure to service port, kept the local population ignorant and dependant on them and played off the various tribes against each other by choosing some to be masters over the others. They used the colonies to supply them with raw materials and as a market for their manufactured goods. It is only in the last fifty years that self determination was permitted and many colonies gained their independence from their colonizers.

However, this process had some severe consequences for the people of Africa. Millions of Africans have died in the Congo alone while tribal hatred has led to massacres from the Sudan to Rwanda to Nigeria and beyond. A majority of the countries in Africa are ruled by dictators who are more interested in self preservation than the well being of the population. There have been recurring famines and starvation. Some cases were caused by nature (e.g. Ethiopia) and some by human nature (e.g. Zimbabwe). Corruption is rife and the system of government is broken.

Africa is at the bottom rung when it comes to development.

The irony of the situation is that Africa is blessed with many natural resources. From oil in the

north and center to diamonds gold in the south, Africa is rich. However, it is in the development of its human resources that Africa is very poor. There is a high degree of illiteracy, infant mortality, poverty and lack of innovativeness. No significant technological advancement has come out of Africa since the time of the pyramids and there have been no Nobel Prize winners, other than for Peace and literature, ever recognized as being from Africa. On the other hand, Europe is relatively poor in natural resources is wealthy in human resources. Until the post World War II period the Europeans led the world development with education being the driving engine. After the war the US gained leadership in this area with the help of many European refugees and émigrés. Today there are great centers of learning in Europe (e.g. Oxford, Sorbonne, etc.) and the US (e.g. Harvard, MIT, etc.). There are none in Africa. The last great center of learning, in Alexandria Egypt, was burned 2000 years ago. Today Africans who want to study and do advanced research inevitably go to Europe or the United States resulting in a “brain drain” that further impoverishes Africa.

CONCLUSIONS

The critical factor for economic development is education or human development. Another is the ability to think and act freely. Politically this is manifested under a democratic system of government and economically under a capitalistic system choice, competition and innovation are encouraged. In Europe, thousands of years passed and numerous conflicts fought before Europe reached its current level of development and prosperity. For the most part (except the Balkans) Europe has enjoyed over 60 years of peace and increasing economic integration. It operates under democratic principles with a very high level of literacy and advancements that result in continuous innovation and development.

Africa represents the other end of the spectrum. There is a very low level of literacy and very high rate of conflict. At any point in time there are numerous wars both civil and national, occurring on the continent. These waste resources that could be used for economic development

and rob the continent from the stability that is necessary for development. Additionally, many of the countries that don't have war are nevertheless ruled by despots that bleed the nation for their own personal gain. Thus while the context and history are important to understand how Africa, got to where it is today (e.g. colonization), it is more important to understand what is necessary to move Africa to a more promising future.

There are numerous multi national organizations (e.g. United Nations, World Bank) that serve as a mechanism for aiding Africa. Many countries have foreign aid programs to assist the Lesser Developed Countries in their development. Additionally, there is the vast wealth of Africa resident in its natural resources that can be tapped as sources for investment funds. However, no progress can be made without first resolving the issues of peace and security. The savings from defense spending can be another large source of funds for economic development. Thus, while democracy is not necessary (i.e. a government of the people and by the people) it is necessary to have a government for the people.

Given the history and current situation there are no illusions or delusions of having a quick transformation in Africa. However, there are precedents for success. While Europe may be very different Latin America has had a very similar history to Africa. Colonized by the Europeans and brutalized by local dictators some countries have been able to overcome their past to start on the path of development. For example Brazil is a shining example of a growing economic power with much effort towards development being home grown. Brazil is a leader in agriculture and alternative energy development and can serve both as a model and friend for Africa. Other examples include Costa Rica and Chile that have leveraged political democracy and natural resources to advance economically.

In Africa a triad of effort is necessary and possibly led by a triad of countries. The three most important areas are Education, Politics and Economics while the three most important leader

countries are Egypt, Nigeria and South Africa. The three countries represent the largest, in their respective regions, most populous and with long histories. They also represent the three major leader of the Moslem, Arab North Africa while Nigeria is the dominant power in the Black center of the continent straddling the Moslem, Christian and local religious worlds. South Africa, especially since the end of Apartheid, is the economic and political engine that drives Africa. Together they can lead the continent in addressing the critical problems that need to be resolved before economic development can take place.

EDUCATION

The problem in Africa is at two levels. Basic literacy is needed for the general population but advanced literacy is crucial. There needs to be an effort to create advanced learning of global prominence. Centers of learning and research that would attract the best and brightest of Africa's youth and the develop solutions to Africa's, and global, needs. Solutions addressing food production, water, health care, alternative energy, etc. from a particularly African perspective based on native African resources. There are many plants and minerals native to Africa whose total utility has yet to be determined. Well funded and strategically located (e.g. in Cairo, Lagos and Johannesburg) these centers can become a beacon of learning and hope for Africa.

POLITICAL

As noted by a UN Development study "A sense of personal security-economic, political and social- is a prerequisite for human development". In Africa most people live in insecurity Concerned about their personal freedom if not lives, most struggle just to survive. There are national conflicts and international ones. Autocracies dominate the continent and even in democracies criminality is rampant. While many dictators will fall (e.g. Idi Amin-Uganda, Charles Taylor-Liberia, etc.) it is incumbent that the replacement not be another dictatorship. Also where the situation is catastrophic (e.g. Sudan) that the leading political powers take a stand. Peace can be negotiated peacefully, imposed, if necessary, by force or maybe bought.

That brings up the third area.

ECONOMIC

For overall economic development to occur investment is necessary. Huge sums of money, on the order of trillions of US dollars will be needed. These funds can come from a myriad of sources as mentioned earlier. Multi National Organizations, individual countries or corporations, sale of natural resources and, not least, the savings from not spending money on weapons or armies or subsidizing the lavish lifestyles of ruling elites. Indeed, trillions have already been wasted on military matters or through theft and corruption in Africa over the last 50 years. Since in Africa, there are some countries that are wealthy and some that are poor, some democratic and some dictatorships and hundreds, if not thousands, of cultural differences, a transparent fair mechanism needs to be created to collect and distribute the funds necessary. Here is where the triad of countries mentioned earlier may play a part. Together with assistance from the most qualified parties in the east (e.g. Russia, China) and the west (e.g. Brazil, United States) a non aligned organization can be set up to deal with the money.

However, it must all start with the will of the people of Africa. After centuries of being colonized and decades of dictatorial rule they may be at a breaking point. But as was the case in Eastern Europe and Latin America where people with a similar experience managed to initiate political, social and economic change there is also hope for the people of Africa. With a new administration in Washington, the United States can be part of the solution not just with the message of hope but with leadership to help Africa develop and improve the lives of the people.

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