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Sub-Saharan Africa in the 1990s: Poverty and Instability

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An Intelligence Assessment

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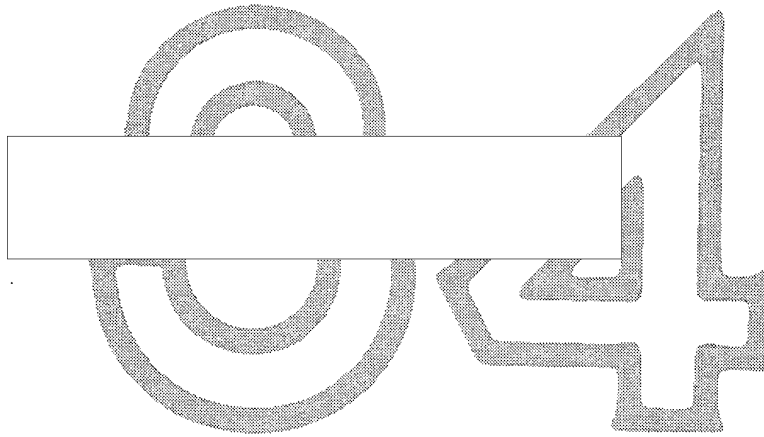
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Sub-Saharan Africa in the 1990s: Poverty and Instability

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An Intelligence Assessment



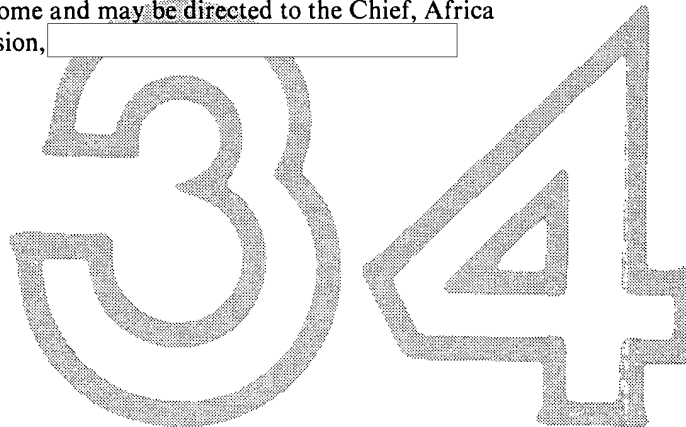
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This paper was prepared by [redacted]
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welcome and may be directed to the Chief, Africa
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**Sub-Saharan Africa
in the 1990s:
Poverty and Instability**

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Overview

*Information available
as of 20 March 1986
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From time to time the Directorate of Intelligence publishes reports that attempt to examine key international trends from a broad and longer term perspective. This speculative paper is designed to provide policymakers with a context for long-range planning by assessing the prospects for economic growth and political stability in Sub-Saharan Africa during the next decade and their implications for the United States. [Redacted]

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This paper addresses the impact on Sub-Saharan Africa (excluding South Africa) of longstanding negative trends. It assesses the consequences of such factors as chronic economic deficiencies, demographic trends, tribal cleavages, and political instability. [Redacted]

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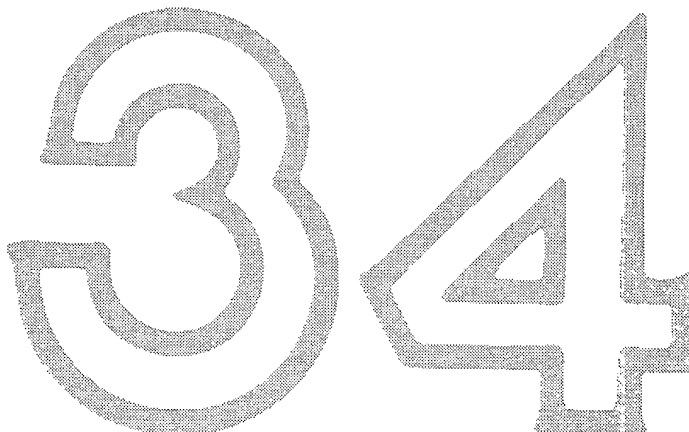
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In preparing this assessment, we employed a task force approach, which included roundtable discussions with policymakers, interviews with academics and other experts, [Redacted] The task force sought and obtained a wide range of perspectives on the issues discussed in this paper. In addition, this assessment draws on the work already published by the Directorate of Intelligence on African development and prospects and Third World trends. [Redacted]

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**Sub-Saharan Africa
in the 1990s:
Poverty and Instability**

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Key Judgments

*Information available
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Sub-Saharan Africa in the 1990s will face seemingly insurmountable economic and political problems. Enduring political instability, characterized by coups and insurgencies, will produce ineffective governments whose leaders are guided by xenophobic ideologies and preoccupied with the near-term struggle to stay in power. Africa's intractable economic problems are likely to worsen under weak political leadership that is unable to take bold, effective measures to manage the region's crisis. Economic deterioration is likely to persist and Africa will face more food shortages, Western disinvestment, falling production, and declines in the standard of living.

We believe Africa's rate of economic growth during the next decade will lag far behind even that of other less developed regions of the world:

- International markets for African commodities will increasingly dry up, and African governments will fail to diversify their economies to compensate for the loss in revenues.
- The continent's growing population will tax the economic and social infrastructures of African states, lead to rapid urbanization, and contribute to political instability.
- Africa will continue to be unable to feed its population. There will be no green revolution in Africa, and misguided government policies will in many cases prevent even modest improvements in food production.
- Africa will remain a bad credit risk. African countries are unlikely to attract enough concessional aid or private investment to allow for higher rates of economic growth.

Africa's economic problems are not just a result of the continent's poor physical endowments exacerbated by harmful government policies. In the absence of cohesive political structures, African leaders have created corrupt and bloated bureaucracies that have hindered reform, played to narrow tribal interests, and sacrificed long-term political development to guarantee the immediate survival of their regimes. We believe this pattern will continue into the 1990s, and coupled with the debilitating effects of economic decline, often will result in the weakening of central government control. African governments will become irrelevant to greater numbers of people in their own countries:

- Informal economic sectors will grow, as new entrants into the labor force fail to find jobs in the modern economies. The proliferation of informal economic activity will deny necessary tax revenues to the governments,

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thereby making it even more difficult for them to extend services and maintain control throughout their countries.

- Insurgencies will also limit government authority, as will the irredentist activities of tribal groups whose traditional lands span national boundaries.
- The decline in government control could lead over the long term to the breakup of national boundaries and the creation of new national entities in countries such as Sudan, Chad, Uganda, and Angola. Government inability to deliver goods and services could encourage secessionist tendencies in other disaffected regions.

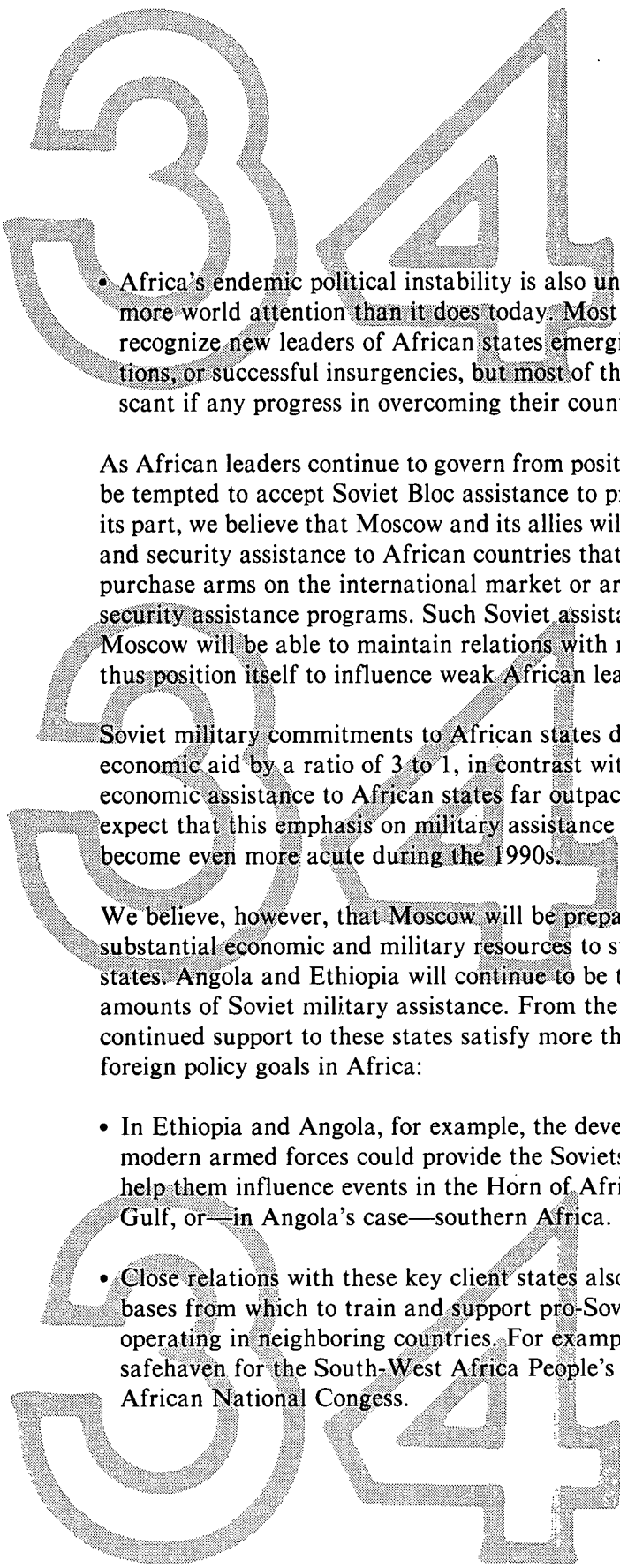
Despite their staggering dimensions, the political and economic problems of Africa by themselves will have only a minor impact on the world community. Nevertheless, the situation in Africa will be replete with humanitarian considerations and will create more opportunities for Soviet and Soviet surrogate exploitation of the region's problems for political and military advantage:

- Africa's extreme poverty will give it little leverage over the world economy. Africa's international debt problems, for example, although severe for the economies of the continent's countries, pale in comparison to the debt problems of other developing countries, particularly those in Latin America. Africa's enduring food crisis will have the greatest international impact and will continue to necessitate massive international relief efforts.
- African interests are even likely to diverge from those of other Third World countries, given the continent's failure to match the development of most countries in Latin America and Asia. Countries such as Brazil and India, for example, will be competing for export markets abroad, while most African states will continue to need to import most manufactured goods. African producers of raw materials will not be able to compete with resource-rich developing countries such as Brazil, Malaysia, and Chile that will be in a position to expand exports or diversify.

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- Africa's endemic political instability is also unlikely to command any more world attention than it does today. Most governments will quickly recognize new leaders of African states emerging from coups, assassinations, or successful insurgencies, but most of these new regimes will make scant if any progress in overcoming their countries' problems.

As African leaders continue to govern from positions of weakness, they will be tempted to accept Soviet Bloc assistance to prop up their regimes. For its part, we believe that Moscow and its allies will continue to offer military and security assistance to African countries that either cannot afford to purchase arms on the international market or are not eligible for Western security assistance programs. Such Soviet assistance should ensure that Moscow will be able to maintain relations with most African states and thus position itself to influence weak African leaders.

Soviet military commitments to African states during the 1980s exceeded economic aid by a ratio of 3 to 1, in contrast with the 1960s, when Soviet economic assistance to African states far outpaced military deliveries. We expect that this emphasis on military assistance will continue and perhaps become even more acute during the 1990s.

We believe, however, that Moscow will be prepared to expend both substantial economic and military resources to support several key African states. Angola and Ethiopia will continue to be the recipients of large amounts of Soviet military assistance. From the Soviet perspective, continued support to these states satisfy more than just Moscow's broad foreign policy goals in Africa:

- In Ethiopia and Angola, for example, the development of relatively modern armed forces could provide the Soviets with new surrogates to help them influence events in the Horn of Africa, the southern Persian Gulf, or—in Angola's case—southern Africa.
- Close relations with these key client states also provide Moscow with bases from which to train and support pro-Soviet insurgent groups operating in neighboring countries. For example, Angola is the principal safehaven for the South-West Africa People's Organization and the African National Congress.

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We believe that during the 1990s Moscow will be willing to pursue opportunities to establish similar client relationships with other key African states, such as Nigeria or Zimbabwe. If avowedly pro-Soviet leaders gain power in such countries, we would expect the Soviets to provide them with extensive military and some economic assistance to ensure that pro-Western governments do not reemerge. In other key states, such as Zaire, we would expect the Soviets directly or indirectly to aid subversive groups attempting the overthrow of pro-Western governments.

The perilous African environment will create difficulties for the United States as it develops and conducts its policies toward the continent. The United States still will be faced with the task of countering Soviet Bloc attempts to gain new allies on the continent by preying on the insecurities of unstable African regimes. In addition, the United States may discover that:

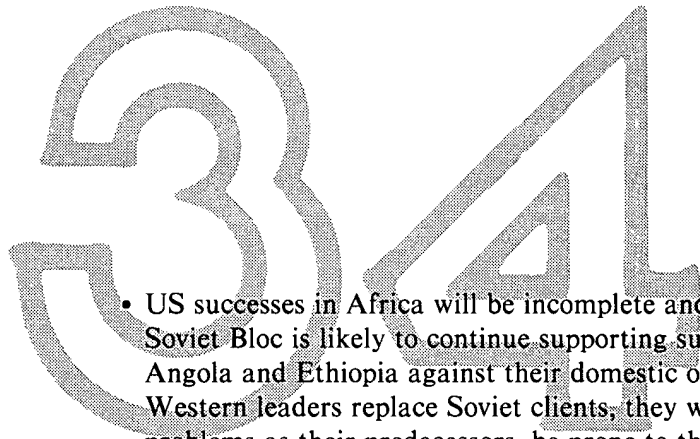
- It must plan for short-term disruptions in access to strategic minerals or installations because of changes in governments or widespread insurgencies.
- It will have to remain alert to opportunities to woo even stalwart Soviet friends with Western economic aid. Some African leaders may realize they have derived few benefits from their years of alignment with Moscow and might be willing to reduce their commitment to the Soviets—or even reject Soviet aid altogether—to obtain Western economic assistance.
- The staggering nature of Africa's economic problems may necessitate the selective use of economic aid, concentrating assistance in those few countries that pursue rational economic policies and have exploitable natural resources.
- Protecting US interests in key African states may require more direct intervention. The former colonial powers, primarily the United Kingdom and France, may find it difficult to preserve Western interests in Africa because of the continent's daunting problems and the economic and political limitations of individual countries. The United States may choose to take up the slack, if only to prevent the Soviet Union from gaining influence with additional African governments.

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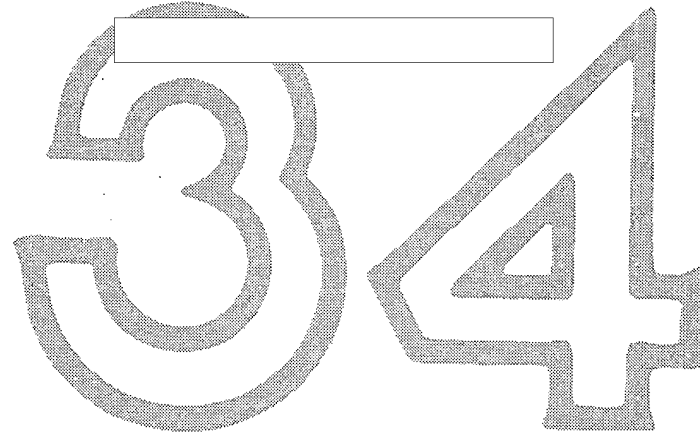
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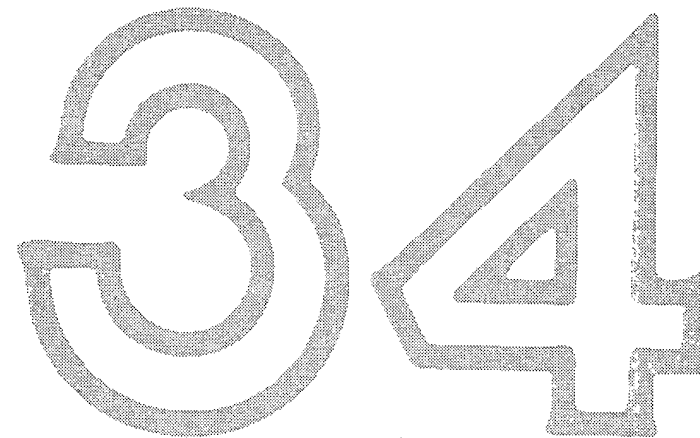


- US successes in Africa will be incomplete and far from secure. The Soviet Bloc is likely to continue supporting such key client states as Angola and Ethiopia against their domestic opponents. Even if pro-Western leaders replace Soviet clients, they will face many of the same problems as their predecessors, be prone to the same mistakes, and require continued Western assistance to remain in power.
- African states, even those considered friendly, are unlikely to provide consistent diplomatic support to the United States. In particular, the crisis in South Africa will continue to be an issue in the West's relations with black Africa.

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**Sub-Saharan Africa
in the 1990s:
Poverty and Instability** [redacted]

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Introduction

After 25 years of independence, most African states have yet to fulfill the bright expectations that African leaders had for their countries. Former colonial powers, such as the United Kingdom and France, have had to prop up unstable regimes with economic assistance and political and military support, and, when the resources of these Western powers have proved inadequate, other members of the international community, particularly the United States and the Soviet Bloc, have stepped in. [redacted]

Despite—or perhaps because of—the continent’s instability, the region has become another arena for East-West conflict, even though the stakes in Africa, compared with other parts of the world such as the Middle East and Latin America, are relatively small. The costs of intervention in Africa have not been high, thus encouraging aspiring regional powers or maverick troublemakers, such as Libya and, in recent years, Iran, to attempt to establish their own areas of influence there. [redacted]

During the 1990s, the individual actors involved in Africa are likely to be different from those active today. Many black leaders who have ruled their countries since independence, such as Zambian President Kaunda and Ivory Coast’s Houphouet-Boigny, will pass from the scene. The former colonial powers, as a result of their own economic limitations or changes in governments, may not be as willing to pour money and energies into preserving Western interests on the continent. Other countries involved in Africa, such as Libya or Iran, may lose interest in the region as a result of changes in their leadership. [redacted]

The United States, however, still will find itself involved in African affairs, if only to foreclose opportunities for Soviet influence there or help resist Soviet or Soviet surrogate activities. Regardless of how the cast of characters changes, the United States still will have to decide how to respond to the continent’s

economic needs and protect its interests from the effects of endemic African political instability. This section analyzes these “constants” in African affairs and assesses how developments in Sub-Saharan Africa will affect the conduct of US policy toward most of the continent. [redacted]

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**A Legacy of Failure: Pervasive Trends
Portend a Dismal Future**

Sub-Saharan Africa will begin the 1990s as the poorest and least developed region in the world. Many African governments have been preoccupied over the last decade with the quest for aid to stave off economic disaster, and have done little planning for future growth. Nevertheless, despite the billions of dollars in aid that have flowed into the region, studies [redacted] [redacted] show that infrastructures have deteriorated and productive capacity has eroded. [redacted]

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Politically, African states have been a paradigm of instability. Frequent coups, persistent insurgencies, and government mismanagement have thwarted the nation-building process and retarded economic development. Unless there are dramatic shifts in economic and political developments, Africa will enter the 21st century as an area of even less importance to the rest of the world economy. (For Africa’s share of world production today, see figure 2.) [redacted]

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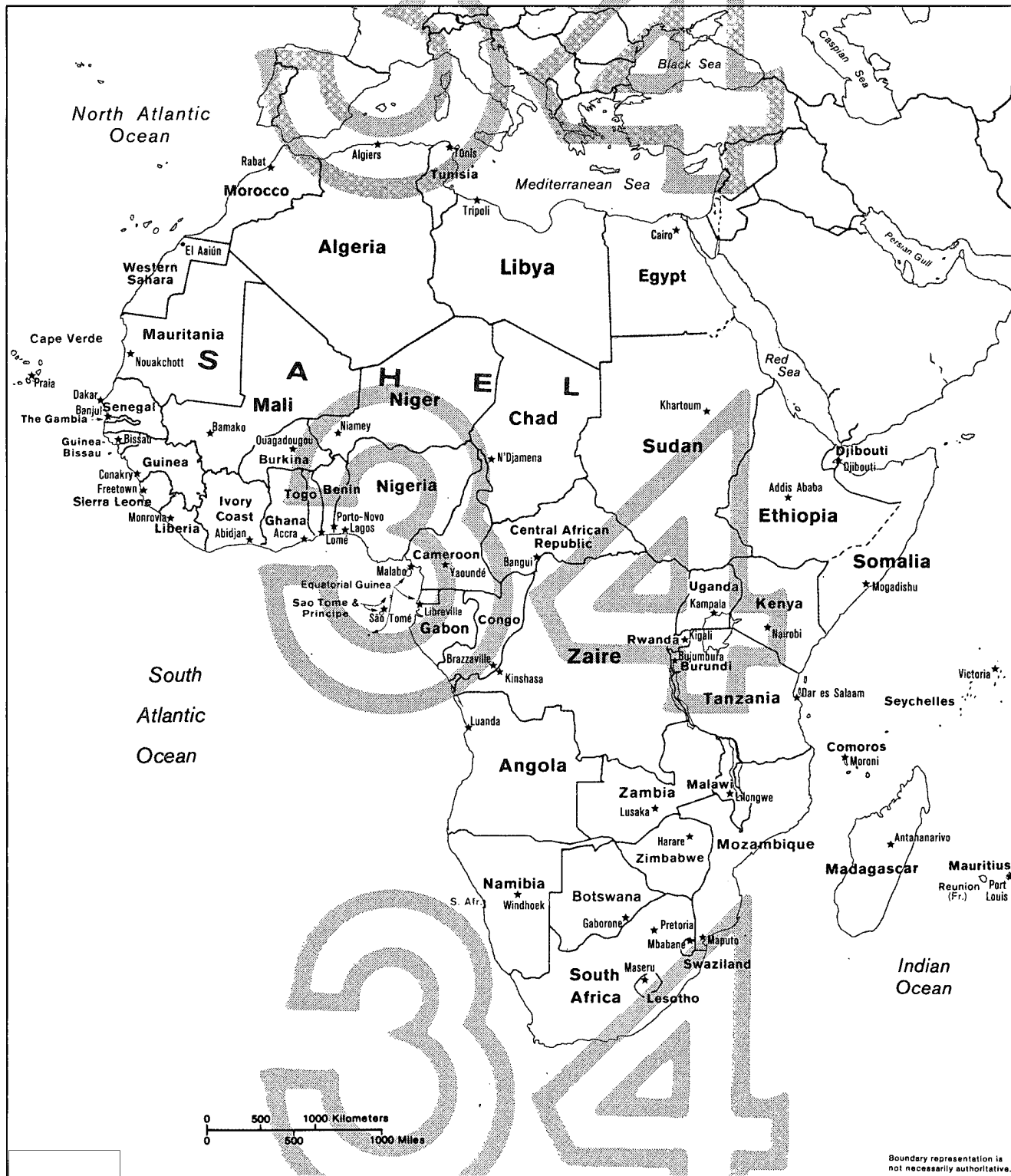
The countries of Sub-Saharan Africa, despite significant economic and cultural differences, have exhibited some broad similarities in political and economic development since independence. A review of CIA studies of the region has indicated several widespread and deeply rooted negative trends that probably will persist well into the 1990s:

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- Political instability.
- Weak world demand for African products.

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Figure 1
Sub-Saharan Africa



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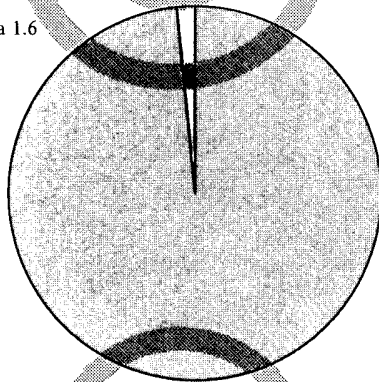
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Figure 2
Total World GDP, 1980

Percent

Total: 11,720 billion US \$

Sub-Saharan Africa 1.6



[Redacted]

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- Agricultural stagnation.
- Demographic pressures.
- Poverty of varying degrees. [Redacted]

Political Instability

The single greatest cause of Africa's predicament now and for the foreseeable future, in our judgment, is endemic political instability. The failure to develop cohesive political institutions has discouraged foreign investment, led to irrational and self-destructive government policies, and, in over 20 instances in the last eight years, resulted in coups.¹ [Redacted]

The region's long-term economic and political problems, in our view, require strong leadership, able to enforce sweeping changes in the allocation of resources and the conduct of government. Yet, the

¹ Since independence, only 10 of the 45 states of Sub-Saharan Africa (excluding South Africa) have been free of coups or attempted coups: Botswana, Cape Verde, Djibouti, Ivory Coast, Malawi, Mauritius, Sao Tome, Swaziland, Zambia, and Zimbabwe. Most of these have uncovered coup plots, however. [Redacted]

survival of many African regimes has hinged on their short-term economic and political performance. Leaders typically have designed policies to satisfy the immediate demands of supporters (the military, bureaucracy, urban dwellers, and specific ethnic or regional groups) and these actions, [Redacted]

[Redacted] often have run counter to requirements for longer term development and rational government. [Redacted]

Causes of Endemic Political Instability. We believe that the factors inherent in the African situation that have produced instability will not be eliminated during this century. These include: the inability or unwillingness of leaders to commit themselves to building viable nations out of the political structures inherited from the colonial powers, tribalism, and regime illegitimacy:

- *The problem of nation building.* The geographic entities created by the former colonial powers at independence fail in many cases to meet theoretical standards for viable polities. Most encompass differing linguistic and ethnic groups that, under the best of circumstances, consider each other to be strangers, and sometimes are enemies. Primary loyalties often extend to kinsmen divided by modern boundaries. Kenya and Ivory Coast, despite the strong personal leadership of Jomo Kenyatta and Houphouet-Boigny, still suffer from fractious tribal rivalries and a tenuous sense of nationalism, in our view. A scenario in which ethnic infighting causes the fall of either government during the 1990s is entirely plausible. At the other end of the scale, years of ethnic violence in Uganda have eradicated whatever progress had been achieved toward nation building. Even the precolonial nation of Buganda, which once existed within the space now recognized as Uganda, has lost its political cohesion after years of suppression by ethnically hostile governments.

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- **Tribalism.** Most African governments, even those that incorporate modern constitutional structures, are based on systems of tribal authority that are likely to prevail into the next decade. Tribal rule is highly paternalistic; the ruler assumes responsibility for the welfare of his own group, and wealth and favors flow from the top down. In the African state, therefore, a single tribe—or a coalition of tribes—tends to use government as a means of rewarding its own members and excluding others. Tribal rule has led in the past to widespread corruption as relatives are rewarded with jobs, contracts, and commissions. In such circumstances, public officials are not expected to act in the national interest because they often feel morally bound to assist their kin. Tribal obligations also have been partly responsible for the costly buildup of African bureaucracies and the proliferation of state-owned companies.



Figure 3. Jerry Rawlings addresses crowd in Ghana after launching his second coup in 1982.

- **The question of legitimacy.** The ease with which a potential African leader can establish a government with international legitimacy contributes to the cycle of instability, in our view. An African government has legitimacy until it is overthrown. The new regime, once it establishes its capacity to occupy the capital of the country, becomes legitimate. Orderly, constitutional succession has occurred rarely—in part because aging leaders have avoided grooming successors who have the potential to become rivals. The international community, however, has recognized the legitimacy of the African regime that comes to power by force almost as quickly as it does one by constitutional succession. In many countries, a minimum amount of organization is necessary, and even an inexperienced group can take over—as in Liberia, Burkina, and Ghana. Often, as in those same cases, only occupation of the presidential palace and a radio station from which to announce the new government is needed for world recognition.

Deepening Economic Decline

The outlook for economic growth in Africa during the 1990s is dismal. A recent set of economic forecasts, for example, concludes that, in the second half of this decade, Sub-Saharan Africa will average only 3 percent real growth, as compared with 5 percent in Asia,

4.2 percent in the Middle East, and 3.5 percent in Latin America.² The World Bank projects, moreover, that Africa will continue to lose ground compared with the rest of the developing world through at least the first half of the 1990s.

Even under an optimistic scenario allowing for higher growth and reduced protectionism in developed countries, private-sector forecasters see per capita GNP in low-income African countries declining through 1995. By contrast, low-income Asian countries would grow by 3.7 percent per capita over the same period. We believe that, because of the poor outlook for their commodities and the high rates of population growth, even the higher income countries of Sub-Saharan Africa, such as Zambia, Senegal, and Nigeria, will have declining per capita income during the 1990s.

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Poverty. Over the last 20 years, [redacted] statistics indicate that Sub-Saharan Africa has had the lowest rate of economic growth—about 3.5 percent—of all developing areas (see figure 4). In 1985, 22 of the world's 35 poorest nations were in Sub-Saharan Africa. Despite improvements since independence, UN development indicators show that the region is lagging far behind the rest of the developing world in quality of life: child mortality in Africa is still double the average of all developing countries and life expectancy is 10 years less than the average for LDCs. Many observers also believe that general health is declining. The "population quality" will continue to decline in the years to come because Africa's dismal economic outlook precludes adequate investment in education, training, and health. [redacted]

because of declining per capita spending for education. This will affect not only the future growth of the country, but also the availability during the next decade of such basic needs as medical care, food and fuel, and housing. [redacted]

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The consequences of rapid population increase also could threaten what there is of political stability in some countries. The inability to create new jobs fast enough to avoid greater unemployment and underemployment could add to destabilizing pressures. In Kenya—with an overall population growth rate of over 4 percent per year—the labor force will double by the year 2000. Even today, only about 1 million of the country's 7.4 million labor force works for wages in the modern sector, according to US Embassy reporting. [redacted]

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Demographic Factors. [redacted]

[redacted] the rate of population increase in Sub-Saharan Africa has accelerated from 2.3 percent per year in 1960 to 3.3 percent by 1984, the highest of any region in the world. In the case of Nigeria, for example, with an increase of 3.3 percent between now and the beginning of the next decade, the population will grow from an estimated 94 million in 1983 to 163 million by the year 2000—or about 25 million more Nigerians than would have been the case with an average increase of only 2.3 percent. Children under 15 years old already constitute more than 45 percent of the population of Sub-Saharan Africa—as compared with 37 percent in Asia, [redacted]

Agricultural Stagnation. No other issue hangs so darkly over Africa's future as that of food. Africa is the only region in the world in which food production per person and per hectare has been declining over the past decade (see figure 5). Unless this trend is reversed dramatically, African governments will have to commit a greater portion of their foreign exchange to food purchases. As it is, international trade data show that the volume of cereal imports increased by over 200 percent between 1970 and 1981, and a further tripling of import levels by 1990 is likely, according to an academic study. Poor land, drought, and population growth contribute to Africa's agricultural plight, but, according to development experts, the counterproductive policies practiced by most African governments—such as overvalued currencies and low producer prices—have been principally responsible for the long-term decline in food production. No improvements are yet evident that would abate the food crisis during the next decade, according to a variety of studies by academics and international organization (see inset, "Why No 'Green Revolution' for Africa"). [redacted]

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Governments already have been unable to create employment for a labor force that is growing at over 3 percent per year and accelerating. [redacted]

[redacted] The African rate of urbanization is also the highest in the world with increasing numbers of unemployed and underemployed concentrating in cities. [redacted]

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Rapid population growth will contribute significantly to economic decline because governments will have to spend more for immediate consumption and will have less to invest in infrastructure and production. [redacted]

Numerous observers believe that Africa has the resources to increase food production. Even at present levels of technology (no fertilizers, traditional seeds and cropping patterns, and no conservation measures) there is enough land to allow food self-sufficiency for [redacted]

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[redacted] the acute shortage of managers and technicians will persist into the 1990s

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Why No "Green Revolution" for Africa

Efforts to produce a green revolution on the order achieved in Asia face enormous difficulties in Africa. Most agricultural experts agree that any improvements will be achieved in small increments and there will be no dramatic technological discovery that will have a major impact on the scale of the enormous yield increases realized in Asia. African nations present an entirely different set of technical and human problems, according to Nigeria's International Institute of Tropical Agriculture. Asia has relatively deep, fertile soils, an abundance of water, only two crops (rice and to a lesser extent wheat), and a well-developed infrastructure. Africa has a harsher climate (extremes of high and low precipitation and unpredictability from one season to the next), the land is more depleted from erosion and overuse, and there are many different crops to deal with. Africa also lacks extension services and credit for farmers, its infrastructure is poor, governments are unable or unwilling to adopt policies to deal with problems, and, most fundamentally, there are a greater number of microenvironments with a variety of soils, climates, diseases, and pests than are found in Asia.

It will be three to five years before soil scientists even begin to understand how the addition of fertilizers and pesticides affect some African soils, according to some agricultural experts. Improved seed varieties imported from Asia have not been very successful in Africa, and there is a delay in the development and introduction of new seed varieties that adapt to African environments. A drought-resistant sorghum has been developed in Sudan, but the task of distributing it to farmers presents another major obstacle. Some specialists are more optimistic about the development of improved seeds and cultivation techniques appropriate to Africa, but most agree that the region faces other seemingly insurmountable difficulties.

Throughout most of Africa, the link between research and the farmer is weak, farmers have little credit with which to purchase seeds, government policies do not always encourage or reward the farmer who experiments, and, even if crops are produced, the infrastructure for transporting and storing the produce is inadequate. A shortage of technical experts and reliable data on agriculture also constrains improvements in most countries. In Zimbabwe, which has the best extension services and facilities, a new maize (corn) technology that took decades to develop, according to an agricultural economist, produced a bumper crop in 1985. However, the new technology has not been introduced to other parts of eastern and southern Africa because of the lack of credit and delivery systems.

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Land erosion has occurred widely as a result of the destruction of wooded lands and as population pressures have led to farming more marginal acreage:

- In parts of the Sahel, population growth is making it impossible to allow for the traditional long fallow periods which replenish soil fertility, according to a study published by the French Ministry of Agriculture.
- Expansion of such cash crops as cotton and peanuts that are planted and harvested annually has been especially harmful, and nutrients have been lost quickly.
- In Kenya, the country's relatively good record of agricultural production is being achieved at the expense of widespread soil erosion, depletion of the nutrient content of the soil, and destruction of the indigenous forests.

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more than the present population, according to the Food and Agricultural Organization (FAO). However, most of the potential for expansion exists in central Africa (Gabon, Congo, Central African Republic, Zaire, Angola, Cameroon, and Zambia) where population density is lowest and land is underutilized. On the other hand, the FAO estimates that—without technological improvements—there is insufficient land in 14 countries, primarily along the Sahelian belt, to support even the present populations. Population pressure in many of these areas has led to more intensive farming methods, often on marginal land, that has resulted in more ecological damage. [redacted]

Food assistance to Africa, therefore, will be a necessity for the long term, and not just a response to droughts, war, or blight, [redacted]

[redacted] The poorer nations will become increasingly dependent on food aid from donors, creating a supplicant relationship that is a further disincentive to improve their food production, [redacted]

Declining Demand for African Products. [redacted]

[redacted] the declining demand for Africa's primary products and competition from more efficient producers have reduced earnings at a time when dependence on exports for domestic growth and foreign exchange earnings has increased. This conclusion is buttressed by [redacted] production innovations, recycling, shifts in consumer preference, and the use of substitute materials have reduced the need for some major commodities including copper, tin, rubber, natural fibers, aluminum, and even some food products. [redacted] commodity export earnings for developing countries by 1990 probably will be no higher in real terms than they were in 1983—assuming worldwide growth averaging 3 percent³ (see inset, "Dismal Outlook for African Commodities in the 1990s"). [redacted]

[redacted]

Capital Starvation. Judging from current financial statistics and discussions with international lending officials, Africa, already starved of loans and equity investment during the 1980s, will have even less access to the international capital pipeline in the next decade. Observers point to poor infrastructure, impoverished markets, and sociopolitical conditions as key factors that will continue to inhibit direct foreign investment. In view of Africa's poor prospects for generating increased export earnings during the last half of the 1980s, we believe many countries will experience repeated financial crises well into the next decade. Barring a major change in lending patterns, most of the capital inflow during the 1990s will be in the form of concessional aid that African governments probably will use to meet their immediate needs. [redacted]

Africa's relatively modest level of external debt (about \$80 billion at the end of 1983, as compared with over \$100 billion for Brazil alone) also gives the region little bargaining leverage:

- No single African country, or even the region as a whole, appears capable of triggering an international financial crisis. Only six countries (Nigeria, Sudan, Ivory Coast, Zaire, Zambia, and Kenya) have debts over \$2 billion.

- [redacted] almost two-thirds of Africa's debt is owed to official sources because few African countries have been considered sufficiently creditworthy to borrow from commercial banks.

Nevertheless, we expect that a major repayments crisis will occur before 1990, in part because the net amount of capital flow to Africa is dropping—[redacted]—from an average of \$11 billion during the period from 1980 to 1982 to only \$5 billion in 1985, and in part because so much of the region's debt is owed to the IMF and the World Bank, and thus normally cannot be rescheduled. [redacted]

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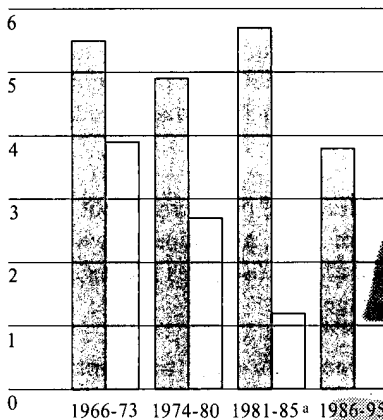
Figure 4
Africa Becomes the Fourth World, 1965-2000

Note scale change

□ All low-income countries ■ African low-income countries

Economic Growth, 1965-95
Percent

The 26 low-income countries of Sub-Saharan Africa will continue to grow more slowly than the rest of the low-income Third World while . . .

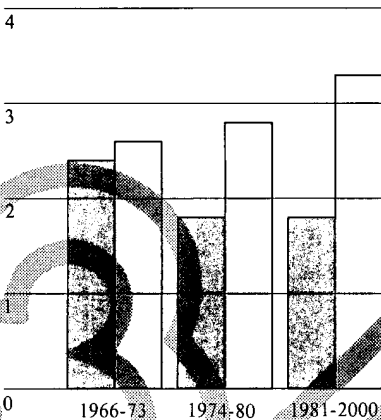


^a Estimate.

^b Average of World Bank high and low scenarios.

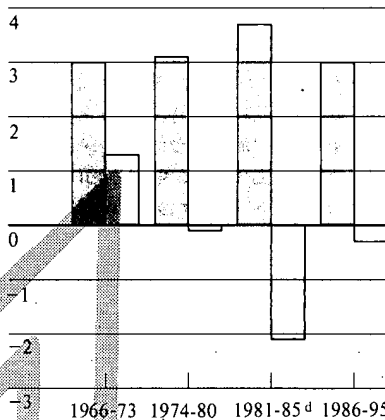
Population Increase, 1965-2000
Percent

population increases at the world's highest rate and . . .



Per Capita GNP, 1965-95
Percent

per capita income declines so that Africa . . .



^d Estimate.

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there was a net outflow of funds from Africa to the Fund beginning in 1985. Furthermore, sources of concessional borrowing probably will begin to disappear because of donor concerns over the efficiency with which resources are used by some African countries. Export credit guarantee agencies will continue to downgrade many countries.

Most observers believe that the outlook for private foreign investment in most of Africa is equally dismal. Many countries have exploitable natural resources, but political uncertainties discourage investments that require 10 to 15 years before they show a profit,

The investment record to date suggests, however, that oil companies probably will continue to be interested, especially in offshore exploration where the political risks are less,

Foreign manufacturers have been deterred by unfavorable government regulations and the shortage of skilled labor. Even firms needing unskilled workers find most African countries unattractive because of Africa's relatively high labor costs compared with some of the developing countries of Asia, for example.

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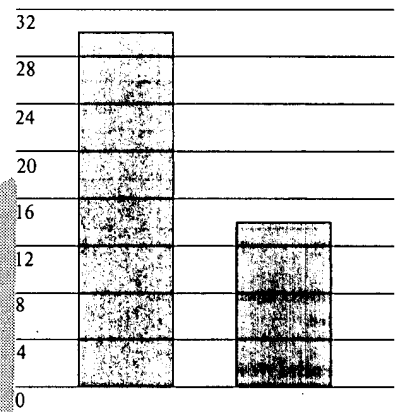
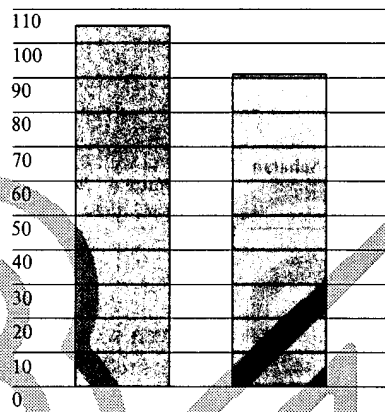
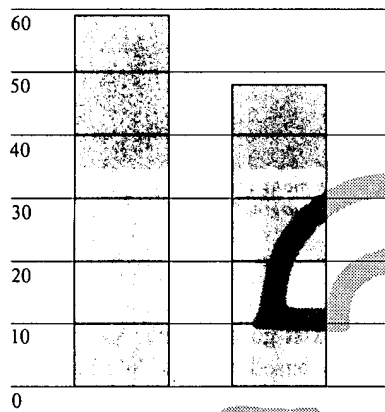
Figure 4
(continued)

Life Expectancy at Birth, 1983
Age

Daily Calorie Supply Per Person, 1982^f
Percent

Secondary School Enrollment, 1982^g
Percent

already lagging in "population quality", will fall farther behind the rest of the world.



^f Percent of daily requirement.

^g Percent of age group.

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Kenya's wages in manufacturing in 1983 were already higher than those of Sri Lanka, low levels of training and productivity have contributed to higher net labor costs in Ivory Coast, Kenya, and Nigeria than in Malaysia, Brazil, or India.

The Emerging Ideology of Pragmatism—A Chimera?

The experience of the 1970s and 1980s appears to have convinced many African leaders that adequate financial assistance is not likely and would not be a long-term solution to Africa's economic morass.

Many—such as Tanzania's Julius Nyerere and Zambia's Kenneth Kaunda—have acknowledged publicly that development requires fundamental economic reform and that the burden of African development rests squarely with the continent itself. It is questionable, however, whether this new public pragmatism is very deeply rooted or is likely to have much long-term impact.

Words To Please Lenders? The rhetoric of socialism advanced by Leopold Senghor and Julius Nyerere in the 1960s and 1970s has given way to a rejection of

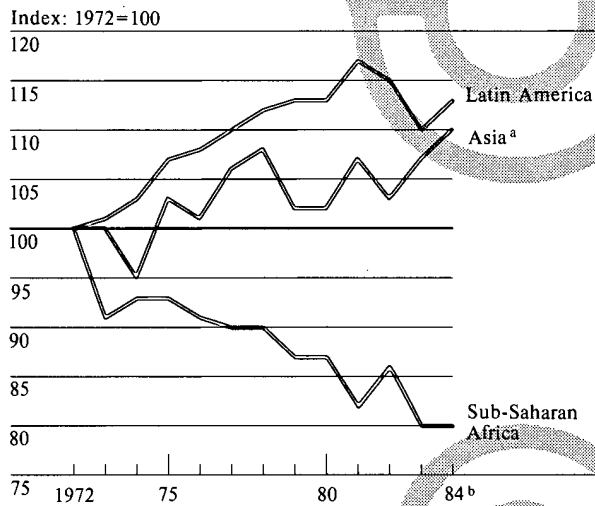
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Figure 5
Food Production, Per Capita, 1972-84



^a Asia excludes Japan and China.
^b Estimated.

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some of their more inflexible principles. According to US Embassy and press reporting, a growing number of African leaders recently have promised policy changes that run counter to some of the more cherished tenets of "African socialism," prompted in part by the decision of many official lenders to make their loans conditional on economic reforms.

Some leaders probably are convinced that their economies would benefit from liberalization. Others probably have realized that assistance from the West is contingent upon their sounding convinced. The leaders of Tanzania, Senegal, Zambia—all states that have been organized according to the principles of African socialism—have publicly acknowledged the need to reduce the role of the state in the economy and to make reforms that would encourage foreign private investment.



Figure 6. Population pressure in many areas has led to more intensive farming of marginal lands.

Even some avowedly Marxist governments have moderated their ideologically based policies. We believe African leaders, because of their growing realization that the Soviet Bloc is unwilling or unable to provide more economic aid, are grabbing the lifeline of pragmatic economic reform to attract Western assistance. Despite opposition from Congolese ideologues, for example, the government has taken steps to encourage local private enterprise and encourage Western investment. Mozambique has instituted a number of liberalization measures including incentives to private farmers.

Rhetoric Meets Realities. If carried through into the next decade, the changes recommended by the IMF, World Bank, and others might yield improvements. (See inset, "Sub-Saharan Africa: Could Things Be Different in the 1990s?") We believe, however, that a combination of ideological and political realities will prevent most countries from following through with

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Dismal Outlook for African Commodities in the 1990s

Some commodity exporters will fare better than others in the 1990s, when demand for many products will fall or stagnate. The larger, resource-rich LDCs, such as Brazil, Indonesia, Malaysia, and Chile, probably will do considerably better under these circumstances and will leave behind those poorer LDCs—such as those in Africa—that will not be in a position to expand exports, diversify, or engage in value-added production. [redacted]

African exporters are already being hurt by competition from other exporters and we believe that this trend will continue into the next decade:

- *Zambia and Zaire, which rely on copper for about 90 and 60 percent of their export earnings, respectively, cannot compete with Chile, the world's lowest cost producer, and cannot increase production to compensate for low prices as Chile probably will be able to do.* [redacted] *copper production in Zambia will begin to drop sharply by the end of the 1990s.*
- *Liberia will not be able to increase its production of rubber, but expansion plans by the big producers (Malaysia, Indonesia, and Thailand) will increase supplies and keep prices low.*
- *Ghana, Togo, Benin, and Cameroon depend on cocoa for 10 to 45 percent of export earnings, but probably will continue to lose market shares to Brazil and the wealthier Asian producers.* [redacted]

real economic reforms as they have in Kenya and Liberia, for example, both of which have had several IMF programs canceled for lack of compliance in the past. If this is the case, the structure of African economies in the 1990s, in our view, will be very similar to that of the 1980s. [redacted]

Despite the recent lipservice paid to more pragmatic economic principles, we believe that most African leaders—including those likely to come on the scene in the next decade—will continue to distrust Western political and economic institutions. They often regard capitalism as an instrument by which developed nations repress and exploit poor countries, sometimes blame Western aid programs for their economic troubles, and generally reject the validity of outsiders' views on how to solve Africa's problems. We believe that Africa's xenophobic world view will in fact intensify as the continent becomes even more marginal to world economic activity in the 1990s, despite attempts at economic reform often made at great political cost. [redacted]

Political exigencies, such as the need to placate an important elite or tribal group, also will continue to stand in the way of rational economic policy. Those leaders who are prepared to sacrifice some of their political support for the advancement of long-term economic goals may find their stay in office short lived. There will be no shortage of groups hurt by economic reforms—academic sources note that in some countries, for example, the military is one of the principal beneficiaries of the old economic priorities. [redacted]

The centralization of government functions typical of most African countries has created huge bureaucracies whose standard of living depends on broad state participation in economic activity. [redacted] the bureaucracy is one of Africa's most intractable problems, as bureaucrats often simply refuse to follow policies that are contrary to their own interests. Furthermore, academic studies have concluded that where a particular group dominates the bureaucracy—as southerners do in Nigeria, for example—there has been intense opposition to privatization of state companies that could allow rival groups to gain control of wealth. [redacted]

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Sub-Saharan Africa: Could Things Be Different in the 1990s?

For many of Africa's low-income countries, such as Chad, Mali, Burkina, Somalia, and Guinea-Bissau, a future of abject poverty seems the only plausible prospect. Some academic sources have questioned whether many of these resource-poor countries could ever become economically viable. Even if these countries could develop stable political institutions and effective economic policies, they would remain poor, in our judgment, because they have neither the human nor the natural resources needed to generate wealth or attract sufficient investment.

For a number of other African nations, however—including some low-income countries—the potential for economic viability exists. Given stable political structures and attractive government policies, we believe that Western investors would help to develop such countries' resources and that local producers would respond to market incentives. Western capital, skills, and technology would help increase productive capacity and generate the wealth needed for human development.

The level of political and economic development in countries that could benefit from specifically targeted Western assistance programs varies. Some countries, for example, although endowed with impressive natural resources, have suffered years of government mismanagement and political instability, and would have to tackle their political problems before they could productively utilize Western assistance:

- *Uganda has the potential to be a major food exporter for east and central Africa. Even after years of fighting that have disrupted government*

services throughout most of the country, Uganda is still food self-sufficient. If Kampala could establish legitimate control over the country and balance the needs of conflicting tribal groups, an agricultural boom could improve the standard of living for most Ugandans and have a spillover effect for some of Uganda's neighbors.

- *Nigeria has been transformed from a food exporter to a food importer not primarily because of natural calamities but because of misguided economic policies. If Lagos were able to resist political pressure from elites and urban dwellers and implement more efficient agricultural policies, Nigeria could reverse its agricultural decline. A successful assault on government and societal corruption also could improve the efficiency of Nigerian industries and dispel some Western doubts about investing there.*

Other countries currently have relatively prosperous economies attributable in part to Western investment attracted by relative political stability, rational economic policies, and some measure of natural wealth. Countries such as Kenya and Ivory Coast, however, are likely to encounter new difficulties in the 1990s as they encounter rapidly growing populations, declining per capita income, and accompanying political pressures. Continued Western investment, however, probably would enhance the capacity of these governments to deal successfully with their problems.

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**The Consequence of Decline:
Erosion of Central Authority**

Forecasts of debt, export earnings, capital flow, and economic growth for the remainder of the 1980s indicate that African governments in the 1990s will play a lesser role in the political and economic life of their countries. Most African governments—civilian and military—retain power, in our judgment, by allowing their supporters access to patronage (jobs, contracts, licenses). Unable to provide services and jobs, we believe that governments will become irrelevant to a growing number of people. As it is, in countries such as Senegal, Ivory Coast, and Kenya, according to US Embassy reporting, governments have been forced by declining revenues to cut back on the number of public jobs, reduce spending for large-scale projects, and cut imports and social services.

[Redacted]

The Growth of Informal Economies

One of the most obvious results of the weaker role of government will be the growth of the informal sector—the small businesses operating outside the formal economy. During the 1970s, at a period of much higher economic growth than is forecast for the next decade, as many as 40 percent of the estimated 33 million people added to the African labor force found no remunerative employment, according to academic studies.

[Redacted]

Most new workers in the 1990s probably will enter the informal sector. Because most opportunities arise in cities, the rate of urbanization will continue to be the highest in the world. Shantytowns around cities will proliferate, with their inhabitants providing small-scale manufacturing and service outlets. As is now increasingly the case, these small businesses will operate without obtaining government permits or following government wage and price regulations. Most important, these businesses will not pay taxes. Therefore, in a classic vicious cycle, the more government becomes irrelevant, the more it will lose control of economic activity and the less revenue it will have to reverse its declining ability to serve its citizenry.

[Redacted]

This erosion of the government-controlled economy is already visible in some countries that have experienced sharp economic decline. The Rawlings government in Ghana has been able to carry on in the face of austerity because of an extensive informal sector that provides a livelihood for much of society.

[Redacted] Embassy reporting and a number of academic studies confirm that, in the rural areas of many countries, much of what is produced eludes the formal market as people divert their produce from government control. Likewise, selling goods across borders without deference to customs regulations is common.

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In some countries informal or “underground” economic activity may be more extensive than the legal economy and support the majority of the population in wide networks of commercial enterprises. However, such enterprises, though they sometimes develop into large or middle-size operations and though the owners frequently accumulate hordes of cash, do not contribute to the future growth of the economy because their earnings are usually not placed in fixed investments. The Central Bank of Togo, for example, estimates that the market women of Lome have \$100 million in cash at their disposal, which is spent mostly on consumer goods.

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Greater Political Instability

Unofficial economic activity in rural areas, absence of government services, preoccupation of the government’s security forces with maintaining order in the cities (which more immediately threatens the survival of the regime), and the inability of the government to control remote areas could lead other groups to fill the vacuum. The likely result is an increase in insurgencies—both low level and regime threatening—and in border violations by tribal groups who claim territory in more than one country. A general breakdown of security could also result from the emergence within a country of armed factions representing tribal groups or formed by local strongmen. For example, according

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Figure 7. An increasing portion of economic activity will be outside government control in the 1990s. Here illegal workers are extracting diamonds from land owned by a diamond corporation in Sierra Leone.



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to US Embassy reporting, rival groups have used the general disorder created by the insurgency in Mozambique to settle old scores.

One possible consequence of the erosion of government control could be the de facto breakdown of the borders that were mandated at independence. Some evidence of this process is already visible in press and Embassy reporting:

- Kenya administers the Ilemi Triangle of Sudan, although its isolated police posts still have not asserted control over raiding tribes.
- Nigeria, Sudan, Central African Republic, and Cameroon all have north-south cleavages, with one area harboring deep grievances against the government. The diminishing ability of central governments to offer inducements to areas with breakaway tendencies could encourage their secession.

- Natural disasters and political instability probably will continue to create refugees who move and settle in large numbers regardless of borders. Five million refugees crossed African national boundaries in the 1970s alone.

Some of the consequences of declining government control could be beneficial for Africa. Countries whose boundaries were arbitrarily set by the colonial powers might assume more politically viable shapes. Similarly, the expansion of the informal economy might enhance economic development at the grass-roots level that is more rational in market terms than the systems devised by politically driven governments. What is more likely, however, is that banditry, insurgencies, refugee problems, and occasional heavyhanded government attempts to restore order will ensure endemic instability and economic dislocation.

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The decline of central authority also will encourage new leaders to overthrow old governments. Outside meddling in internal disputes will be common as competing groups readily accept assistance for their causes. For example, both Libya and Iran are using Islam as a vehicle to gain influence in West Africa:

- Iran has built networks of sympathizers among Muslim fundamentalist groups, expatriate Lebanese Shiite communities, and university students.
- Libya, buoyed by military successes in Chad, has increased its efforts to use Islam as an entree to Nigeria and Senegal.

- African interests are even likely to diverge from those of other Third World countries, given the continent's failure to match the development of Latin America and Asia. As their economies grow, some Third World governments may come to believe they can better protect their interests by cooperating with the developed world on some issues, particularly economic, while the West will want to maintain good relations with these countries to preserve its own access to growing markets abroad. To mask their own economic deficiencies, most African countries will probably increasingly criticize the economic policies of both the developed and developing world and demand even greater concessional aid.

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Such meddling in the future may come from radical Islamic nations ready to assist militant reformist movements in Sudan or Nigeria, from the Soviet Bloc, or from adventurers who mount offensives into neighboring countries where resistance is low. For example, should an aggressive government in Tripoli survive into the next decade, Libya probably will continue to exert pressure on weak neighbors, including the use of military forces as in Chad and Sudan.

- Most governments will quickly recognize new leaders of African states emerging from coups, assassinations, or successful insurgencies. New African governments are unlikely to alter significantly their countries' foreign policies, and, even when changes occur, the relative impact will be slight because of Africa's minor role in international economic and political matters.

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Dealing With the African Problem

Although Africa occasionally will grip the world's attention in the 1990s with its struggles for human survival, episodes of violent conflict, areas of superpower competition, and flamboyant personalities, we believe that the region's problems in and of themselves will have little direct impact on the world community:

Africa could become more troublesome to the United States and the West if the continent's intractable problems give rise to a new generation of leaders who essentially turn their backs on the international system. These maverick leaders would disdain convention, much as Libya's Qadhafi or Iran's Khomeini do today, and they would rely on "new ideologies" or charisma to retain the support of their people. The unpredictability of such leaders, their probable penchant for supporting other radical groups, and their willingness to resort to such measures as terrorism and assassinations to advance their goals would make it difficult for the West to deal with them.

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- Sub-Saharan Africa, in our judgment, will become increasingly irrelevant to the world economy. Poverty, weak commodities, the small amount of foreign debt relative to other regions, and its unattractiveness for foreign investment will severely limit the region's capacity to promote its own interests. As other countries adopt new technologies and adjust their economic activities to take advantage of changing world conditions, African countries will fall further behind. The continent's perennial food crises, however, will continue to demand international attention, as renewed drought, civil wars and insurgencies, and the erosion of government control keep millions of Africans at risk of starvation and necessitate massive international relief efforts.

Even if new, radical leaders do not emerge on the continent, we expect that the United States will confront increasingly frustrated and bitter African governments. Many African leaders and elites, in our view, will continue to believe that their problems could be solved if only the West would devote more of

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Figure 8. Although the food shortages in Ethiopia have eased, future famines and political instability will create more refugees like these in the coming years. [redacted]



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its resources to helping Africa. This does not necessarily mean that African governments will turn to the Soviet Bloc for economic support; in our view, most African leaders realize, because of past experience, that the Soviet Union and its allies can and will do little to address their economic problems. As African leaders continue to govern from positions of weakness, both economically and politically, however, they will be tempted to accept Soviet Bloc security assistance to prop up their unsteady regimes. [redacted]

The Soviet Perspective

We believe that during the 1990s African countries' almost constant need for military assistance and African leaders frequent need for outside help to hold onto power will play to the foreign policy strengths of the Soviet Union. Indeed, many African leaders believe that they will be better able to retain power if they emulate police state tactics. We expect that Moscow and its allies will be prepared to offer military and security assistance to countries that either cannot afford to purchase arms on the international market or are not eligible for Western security

assistance programs. Such Soviet assistance will ensure that Moscow will be able to maintain good relations with many African states and thus position itself to influence weak African leaders. [redacted]

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In our view, the Soviet Union will nevertheless be aware of the pitfalls and potentially limited returns for their investments in many countries. The history of Soviet involvement in Sub-Saharan Africa reveals that the Soviet Union has shifted the emphasis of its aid program from economic to military assistance, in part because military aid has provided a more cost-effective way of garnering African allies. An examination of Soviet aid extensions to Africa shows that during the 1960s the amount of Soviet economic assistance to African states far outpaced military deliveries. During the 1970s, however, military assistance became the preferred Soviet foreign policy tool, and military aid commitments to African states during the 1980s exceeded economic aid by a ratio of 3 to 1. The emphasis on military assistance will continue and perhaps become even more acute, in our view,

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during the 1990s. We do not expect that Moscow will provide much more than small intermittent infusions of economic aid to African countries—except for a select few that are of importance to Soviet political and military interests and where sympathetic regimes seize or hold power: [redacted]

Moscow's ability to win friends in Africa will serve several Soviet foreign policy goals:

- By continuing to maintain relations with African states, Moscow will bolster its claim to be a global power that can bring influence to bear even in areas such as Africa, where the West has an extensive network of economic and political ties.
- Close Soviet relations with African governments will afford Moscow opportunities to gain military access to important port and airfield facilities, as it already has in Guinea, Ethiopia, Angola, and Mozambique.
- Relations with African states will provide the Soviets with a presence in the region that will facilitate attempts to destabilize other, pro-Western African governments.
- Finally, the Soviet Union may gain some limited economic advantages, either through hard currency in those cases where African governments are able to pay for their arms or, more likely, through arrangements that allow the Soviets to exploit African natural resources, such as offshore fishing agreements. [redacted]

Although Soviet activity in most African countries will be limited to the provision of relatively obsolescent military equipment and military and economic advisers and technicians, we believe that Moscow will be prepared to expend substantial resources—both economic and military—to support several key African states. Angola and Ethiopia, for example, will continue to be the recipients of large amounts of Soviet military assistance. We do not expect Moscow to lose interest in maintaining its privileged position in

these African states or in protecting these governments from anti-Soviet insurgent groups. From Moscow's perspective, relations with these states have the potential of serving additional Soviet goals in Africa:

- In Ethiopia and Angola, for example, the development of relatively modern armed forces could provide the Soviets with new allies to help them influence events in the Horn of Africa, the southern Persian Gulf, or—in Angola's case—southern Africa.
- Close relations with these key client states also provide Moscow with bases from which to train and support pro-Soviet insurgent groups operating in neighboring countries. For example, Angola is the principal safehaven for the South-West Africa People's Organization and the African National Congress. [redacted]

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We believe that during the 1990s Moscow will be willing to pursue opportunities to establish similar client relationships with other key African states, such as Nigeria or Zimbabwe. If avowedly pro-Soviet leaders gain power in such countries, we would expect the Soviets to provide them with extensive military and some economic assistance to ensure that pro-Western governments do not reemerge. In other key states, such as Zaire, we would expect the Soviets directly or indirectly to aid subversive groups attempting the overthrow of pro-Western governments. [redacted]

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Implications for the United States

During the 1990s the United States will have to consider how to protect its access to strategic areas and resources [redacted] and how to counter the Soviet Bloc's attempts to take advantage of weak African states to advance its own interests. As African realities impinge upon US foreign policy, policymakers may find that:

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- The United States cannot depend upon uninterrupted access to strategic minerals or security-related installations in African countries. Constant political

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Western aid is made conditional on such changes. Western attempts to advise African governments would be handicapped by African mistrust of the West, and could open the United States and other Western governments to charges of neocolonialism.

- Western economic assistance probably will be most productive when allocated to those few potential African success stories that need help to overcome new difficulties. Countries such as Kenya, Ivory Coast, and Zimbabwe, for example, which enjoy relative political stability and have exploitable natural resources or more modern, skilled work forces, could benefit from infusions of Western economic and technological assistance. Other countries such as Zambia, Zaire, Angola, Mozambique, Uganda, and Liberia have agricultural potential but—assuming favorable government policies—development would require massive efforts to distribute seeds, fertilizers, pesticides, and know-how. Nevertheless, such aid could better enable these governments to resist pressures to adopt counterproductive policies, particularly if continued economic growth reduces popular discontent and improves the government's ability to provide services to distant rural areas and otherwise disaffected tribal groups. Western aid also will be useful when given to friendly governments who could use economic assistance to ward off Communist or Soviet attempts to capitalize on public frustration or when used to nudge newly emergent governments in previously hostile African states to adopt a friendlier or at least more neutral foreign policy.

instability on the continent means that the United States will have to be wary of shifts in government or the emergence of insurgencies that could deny, if only for a short time, access to important minerals or military facilities.

- The staggering nature of Africa's political and economic problems reduces the effectiveness of Western aid programs. Even if the West implemented an African Marshall Plan with massive amounts of development aid, governmental inefficiency and the shortage of skilled workers and managers probably would largely undermine their efforts in many countries. Even under the best circumstances, it will take years of effort and billions of dollars to remedy Africa's infrastructural problems and to compensate for the environmental deficiencies of many African nations. Many weak African governments will be unable to implement economic reforms even if
- Protecting Western interests in key African states may require intervention. Political unrest is likely during the 1990s to affect even some of the most stable African states, such as Kenya or Zaire. Other Western powers involved in Africa may not have the economic resources or the political will to support threatened governments or maintain long-term defense and economic commitments. If US allies are not willing or able to maintain their equities in Africa in the face of growing instability, the United States probably will be looked to as the only Western power able to take up the slack, if only to prevent new Soviet inroads.

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- The United States will have to remain alert to opportunities to woo even stalwart Soviet friends with Western aid. Some African leaders may realize they have derived few benefits from their years of alignment with Moscow and might be willing to reduce or even abandon their commitment to the Soviets to obtain Western economic assistance. The process of weaning former Soviet clients from Moscow, however, will in some cases be lengthy and could be reversed at any time. Such opportunities for the West will most likely arise when these African governments are weak and facing significant domestic opposition—both from those who urge closer ties to Moscow and those who advocate an opening to the West. African leaders considering closer ties to the West will be particularly susceptible to coup attempts by leaders of either faction.

are also unlikely to abandon their calls for maximum Western pressure against South Africa, and Western ties to Pretoria will remain an irritant in relations with black Africa, particularly as the violence in South Africa deepens and the prospects for a peaceful solution to the racial conflict there wane.

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- US successes in Africa will be incomplete and far from secure. Domestic opponents will find it difficult to overthrow pro-Soviet regimes in client states such as Angola and Ethiopia where the Soviet Bloc has substantial diplomatic and military investment. Even when pro-Western factions wrest control of an African government from pro-Soviet or other anti-Western groups, the new leaders will face the same political and economic problems that confront all African governments, will be prone to the same mistakes, and may even adhere to many of the same leftist ideologies as their predecessors. Disenchanted political factions and tribal groups may turn to the Soviet Bloc for assistance, and US friends in Africa may require support to fend off insurgencies that develop. Nevertheless, countries receiving Western economic aid should not be expected to reject completely Soviet offers of security assistance. Most African leaders, in our view, will continue to accept aid from any quarter, and will need security assistance to keep themselves in power.

The United States will receive little diplomatic support from African states, even those friendly to the West. Many African governments will continue to resent the West's economic strength. African leaders

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