

# **Is Africa rising? A critical perspective (1) - “the rest of the world is draining Africa of resources”**

Tuesday 30 December 2014, by [MANJI Firoze](#) (Date first published: 1 December 2014).

The popular idea of “Africa Rising” is based on claims of GDP growth rates of 5-6 per cent. But much of this is due to soaring primary commodity prices, especially in the extractive industries. Oil, for example, rose from \$20 a barrel in 1999 to \$145 in 2008. Although the price has fallen since, it remains way above the levels prevailing in the 1990s.

There have been significant increases in prices of other minerals and grain. Africa is one of the richest continents: it has 10 per cent of the world’s reserves of oil, 40 per cent of gold, and 80-90 per cent of chromium and platinum.

Natural resource extraction and associated state expenditure account for more than 30 per cent of Africa’s GDP growth since 2000. The primary contributors to the growth in GDP have been a small number of the oil and gas exporters (Algeria, Angola, Chad, Congo, Equatorial Guinea, Gabon, Libya, and Nigeria), which have the highest GDP on the continent but are also the least diversified economies.

International capital sees the possibilities of major profits to be gained from oil, natural gas, minerals, land grabbing and the like. Transnational corporations court African governments to implement policies that include the massive privatisation of state-owned enterprises, low or no taxation of corporate profits and opening markets to a flood of manufactured commodities.

All of these measures have had a devastating impact on the ability of local manufacturing to survive. It is hardly surprising that, according to a McKinsey report, the “annual flow of foreign direct investment into Africa increased from \$9 billion in 2000 to \$62 billion in 2008 - relative to GDP, almost as large as the flow into China”. Most of this investment has been into the extractive industries.

So how has Africa benefitted from this? According to Carlos Lopes, the executive secretary of UNECA, “Average net profits for the top 40 mining companies grew by 156 per cent in 2010 whereas the take for governments grew by only 60 per cent, most of which was accounted for by Australia and Canada.”

He points out that the profit made by the same set of mining companies in 2010 was \$110 billion, which was equivalent to the merchandise exports of all African LDCs in the same year. To make matters worse, as I have pointed out elsewhere, mining of non-renewable resources is equivalent to amputation: far from contributing to anything that could be called “development”, it constitutes the depletion of the riches of the continent with little or no gain for its people, except for a tiny minority that enriches itself at the expense of the majority.

The GDP growth rates that proponents of the idea of “Africa Rising” rely on disguises the fact that across the continent there has been a decline in the manufacturing sectors, caused primarily by the

neoliberal policies that opened up the economies to manufactured goods from the industrialised countries.

As pointed out by Rick Rowden in his analysis of the 2011 UNCTAD report, the share of manufacturing value added (MVA) in Africa's GDP "fell from 12.8 per cent in 2000 to 10.5 per cent in 2008", while in developing Asia it rose from 22 per cent to 35 per cent over the same period: "There has also been a decline in the importance of manufacturing in Africa's exports, with the share of manufactures in Africa's total exports having fallen from 43 per cent in 2000 to 39 per cent in 2008. In terms of manufacturing growth, while most have stagnated, 23 African countries had negative MVA per capita growth during the period 1990 - 2010, and only five countries achieved an MVA per capita growth above 4 per cent". The trend of the declining contribution of manufacturing is confirmed once again by the 2014 UNCTAD report on LDCs.

So while their "Africa Rising" means salivating over rising GDP and the profits to be made by transnational corporations, the reality is that in Africa we have rising unemployment, rising amputation of natural and non-renewable resources, rising dispossessions of land, rising profits of the transnational corporations, rising landlessness, rising inequality, rising food prices, and rising pauperisation of the majority.

As a recent report highlights, the rest of the world is draining Africa of resources. "While \$134 billion flows into the continent each year, predominantly in the form of loans, foreign investment and aid; \$192 billion is taken out, mainly in profits made by foreign companies, tax dodging and the costs of adapting to climate change. The result is that Africa suffers a net loss of \$58 billion a year."

### **Rising discontent**

But another aspect of the idea of "Africa Rising" that gives us hope in the future and potential for self-determination of the people of the continent needs to be given greater attention: that is, risings of people across the continent, which I have highlighted elsewhere.

In addition to the outbreak of revolutionary situations in Tunisia and Egypt that resulted in the ousting of Ben Ali and Mubarak (respectively), there have been popular uprisings in Algeria, Angola, Benin, Botswana, Burkina Faso, Cameroon, Djibouti, Gabon, Kenya, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Namibia, Somalia, Senegal, South Africa, Sudan, Swaziland, Togo, Uganda, Western Sahara, Zimbabwe.

More recently, we have witnessed uprisings in a number of other countries including Nigeria and Chad. Most recently, uprisings in Burkina Faso have led to the deposing of Blaise Compaore, the murderer of the Burkinabé revolutionary, Thomas Sankara.

Each of these uprisings has been fuelled by decades of dispossessions and pauperisation that accompanied the latest phase of capitalism, popularly referred to as "neoliberalism". They were fuelled also by reversals of the gains of independence that established universal education, access to health care, social welfare, water, power and a wide range of social infrastructure.

But in the period before neoliberalism, the South chalked up significant achievements that are frequently forgotten by media, academia and the "development" industry alike. According to a UN/WIDER report produced by Surendra Patel, over the 40 years from 1950-1990, countries of the South, whose population is ten times larger than that of the developed world, sustained an average annual growth rate of over 5 per cent.

The period saw significant levels of industrialisation and an increasing share of manufacturing in exports; an increase in the rates of savings and investment; and an unprecedented expansion of

social development, including health and education, dramatic improvements in life-expectancy (from 35 to over 60 years), literacy and an unprecedented expansion of education.

However, all across the continent Africa has experienced not merely material disposessions, but also a rising political dispossession. Our governments have become more accountable to the transnational corporations, international financial institutions, banks and the imperialist states than they are to the citizens who elected them (or at least the citizens over whom they exercise political control).

The uprisings we have witnessed have begun to challenge the authority of these governments to some extent, but have as yet to bring about transformations in existing power relations.

Transforming the existing power relations will require us to go beyond the fetishisation of the ballot box. Citizens are allowed to vote (if they are lucky) every four to five years, but capital votes every day, every hour, every second on the stock exchanges. Capital's "vote" has a direct impact on people's lives, even on the price of food. African countries need to regain control over their destinies and dignity. The question is: how can we democratise our societies?

What kind of processes do we need to allow us to democratise every aspect of our lives? Who determines what is produced, how it is produced, how much, by whom, and for whom? Who decides how the surplus is used, and how do they make those decisions? These questions also apply to other sectors: health, education, social welfare, telecommunications, agriculture, the use of natural resources, and so on.

Africa is rising. But not in the way the popular media would have it.

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\* Published in Amandla! no. 37/38 December 2014. <http://www.amandla.org.za>

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