

The End of African Socialism?

By George B.N. Ayittey

In most places in Africa, telephones don't work; they bite back. What are called "roads" are cartways truncated with crevasses large enough to swallow a truck. Vehicles move in a crab-like fashion: pointing sideways but moving perfectly straight. These, in short, are a few of the manifestations of the deepening crisis gripping Africa.

Once a region with bountiful stores of optimism and hope, the African continent now teeters perilously on the brink of economic disintegration, political chaos, and institutional and social decay.

The decline in income per capita has been calamitous for many African countries. Agricultural growth has been dismal, with output growing at less than 1.5 percent since 1970. Industrial output across Africa has also been declining, with some regions experiencing *de-industrialization*. Export volumes for many African countries have faltered, leading to a fall in Africa's share of world markets by almost half.

To maintain income and investment, African governments borrowed heavily in the 1970s. Total African foreign debt has risen nineteen-fold since 1970 to a staggering \$230 billion, equal to its Gross National Product (GNP), making the region the most heavily indebted of all (Latin America's debt amounts to around 60 percent of GNP). Debt service obligations absorbed 47 percent of export revenue in 1988, but only half were actually paid. The arrears are constantly being rescheduled.

With scarce foreign exchange increasingly being devoted to service debt obligations, less became available for imports of spare parts, drugs, textbooks, and other essential supplies. Infrastructure began to crumble for lack of maintenance. Roads started to deteriorate and telephones refused to work. Even hospitals in many African countries had no running water. At the Akomfo Anokye Hospital in Ghana, patients were asked to bring their own bandages, blankets, and food.

"Harvard" in Ruins. Educational facilities soon began to disintegrate. Makerere University in Uganda, once called "The Harvard of Africa," is now in total ruins. The University of Ghana at Legon, once a world-class institution, has not seen a single coat of fresh paint since the colonialists left in the fifties.

In sub-Saharan Africa (or black Africa), the economic deterioration has been so severe that this region now has the dubious distinction of being home to 24 of the world's 36 poorest nations. Economic performance of this region, measured crudely by the rate of growth of income per capita, has been pathetic, as the following table indicates:

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GNP PER CAPITA: AVERAGE ANNUAL RATES OF GROWTH

	1965-1973	1973-1980	1980-1987
Black Africa	2.9	0.1	-2.8
Excluding Nigeria	1.2	-0.7	-1.2
Exceptions			
Botswana	9.3	7.3	8.0
Mauritius	0.8	3.9	4.4
Cameroon	-0.4	5.7	4.5
Senegal	-0.8	0.5	0.1

Source: World Bank Report, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, November, 1989

The overall picture is even more depressing when compared to the performance of other regions of the Third World. Social and economic indicators of development, such as output growth, health, and literacy, have shown persistently weak performance in black Africa. For example, black Africa's rate of growth of GDP per capita for the two periods, 1965-1987 and 1980-1988, were 0.6 and -2.5. For Asia, these were 4.0 and 5.5, while those for Latin America and the Caribbean were 2.1 and -0.6. While all other regions of the Third World advanced, black Africa retrogressed.

The exceptions to the general economic atrophy in black Africa have been few. Botswana continues to serve as a shining black success story, followed by Mauritius and Cameroon while Senegal struggles to keep its head above water. In the early 1980s, Ivory Coast and Kenya were members of this select club, but now suffer from serious economic crises.

The worst performers have been Ethiopia, Ghana, Liberia, Mozambique, Niger, Nigeria, Sao Tome and Principe, Sudan, Uganda, Zaire and Zambia — all of which are characterized by civilian or military dictatorships.

Worse than at Independence. Back in the 1960s, euphoria punctuated much of Africa. Freedom had been won; the colonial "infidels" had been driven out of Africa. There was a fervid desire to prove to the "racists" that Africa too was capable of charting its own course in its own image. But today most Africans are worse off than they were at independence. What happened?

The new leaders faced the daunting task of developing Africa and delivering the goods to their people. There was widespread belief among African leaders, intellectuals, and even American development experts that the state had to assume a predominant role in economic development. It was argued that markets were underdeveloped; infrastructural facilities were inadequate; capital or funds were insufficient; the middle class was non-existent; the colonial economic structure had to be transformed, and so forth. Africa could not rely on free markets and private enterprise. The state had to spearhead economic development. U.S. AID, the State Department, and even development experts from Harvard University supported these arguments and channelled much aid resources to African governments.

To initiate development, it was widely held that the state needed wide-ranging powers to marshal resources. Extensive powers were conferred upon African heads of state. Other heads simply arrogated unto themselves additional powers. If a piece of land was needed for highway construction, it was simply appropriated by the state. In this way, *all* African governments, regardless of their professed ideology, came to assume immense powers.

Socialist vs. Capitalist Route. It can be argued justifiably that they indeed needed these powers to spur development. But almost everywhere, the mistake or pernicious oversight was *the failure to attach countervailing checks or safeguards* to prevent the abuse of those powers. That failure led to the rise of tyranny in Africa. There are tyrannical regimes on *both* the left and the right. But the leftist ones are more numerous since most African countries took the “socialist” route after independence. A few countries such as Ivory Coast, Kenya, Malawi, and Senegal went the “capitalist” route.

In many places in Africa, capitalism was identified with colonialism, and since the latter was evil and exploitative so too was the former. Socialism, the antithesis of capitalism, was advocated as the only road to Africa’s prosperity. The socialist ideology, copied from the East, was widely adopted, and in its wake followed economic atrophy, repression, and dictatorship.

This process began in Ghana, the first black African country to gain its independence from Britain on March 7, 1957, under Dr. Kwame Nkrumah, who is generally regarded as “the father of African socialism.” After independence, he faced herculean tasks. He had declared in the 1950s, “We shall not rest content until we demolish this miserable structure of colonialism and erect in its place veritable paradise.” Independence had been achieved. The question was how to build that paradise.

Nkrumah urged Ghanaians to know their “enemy,” which was “collective imperialism in which the USA occupies a leading position.” He also exhorted his fellow Africans to beware of a number of imperialist dogmas: “that western democracy and the parliamentary system are the only valid ways of governing; that capitalism, free enterprise, free competition, etc., are the only economic systems capable of promoting development.” These were fallacies, Nkrumah asserted.

African “Isms.” Socialism, therefore, was to be his ideology. His choice of socialism was “based on the belief that only a socialist form of society can assure Ghana of a rapid rate of economic progress without destroying that social justice, that freedom and equality, which are a central feature of our traditional way of life.” Many other African leaders followed suit. While President Kaunda of Zambia was espousing “humanism,” Nyerere of Tanzania was instituting “*Ujaama*,” drawing vague references from the African tradition of “socialism.”

In Africa, socialism was implemented through the one-party state apparatus. The state would “own everything” and direct economic activity (*dirigisme*). There would be only one political party. The head of that party would also be the president — for life. Clearly, any individual with ambitious political designs and lust for personal power would be seduced by such a system.

Accordingly, under Nkrumah socialism as a domestic policy was to be pursued toward “a complete ownership of the economy by the state.” A bewildering array of legislative con-

trols and regulations were imposed on imports, capital transfers, industry, wages, the rights and powers of trade unions, prices, rents, and interest rates. Some of the controls were introduced by the colonialists, but they were retained and expanded by Nkrumah. Private businesses were taken over by the Nkrumah government and nationalized. Numerous state enterprises were acquired.

March Toward Dictatorship. Nkrumah was in a hurry to transform Ghana into a socialist state. "We must achieve in a decade what it took others a century," he asserted. He was intolerant of criticism. Opposition members were traduced in the media as the "party of divisiveness" bent on a course of deliberate sabotage of Ghana's construction efforts. They were to be eliminated. Accordingly in July 1958, Nkrumah passed the Preventive Detention Bill, which gave his government sweeping powers "to imprison without trial, any person suspected of activities prejudicial to the state's security." With this vague definition, anybody could be picked up since *any* private activity could be interpreted as prejudicial to the interests of the state. The insidious march toward dictatorship thus began.

The news media next came under the complete control of Nkrumah's party. Journalists were gagged, censorship established, and editors who criticized the government were hauled off to jail. Any opposition to Nkrumah's dictatorship was brutally suppressed. Finally in 1964, Nkrumah declared Ghana to be a one-party state and himself "president-for-life."

Ghanaians soon tired of Nkrumah and his rhetoric. In 1966 when he was overthrown in a military coup, there was much joy and jubilation in the streets of Ghana. His "socialist" experiment was a miserable fiasco. Worse, his ideology had degenerated into "Swiss bank socialism." While he was preaching socialism, his ministers were busy importing Mercedes Benzes and gold beds into Ghana and stashing millions into Swiss bank accounts. Back in 1962, a member of Ghana's National Assembly, B.E. Kusi, excoriated these so-called socialists:

Many children go about in the streets because they cannot get accommodation in secondary schools, while those ministers who are in charge of the money send their children to international schools and to university. Most of them ride in Mercedes Benz 220s and yet call themselves socialists. This is very bad. If we want to build a socialist country, then we must let the president know that we are serious about the use of public funds and that we do not pay mere lip service to socialism.

Ghana's Disaster. When Ghana gained its independence, it boasted foreign exchange reserves of \$400 million. In 1966, there was a foreign debt of \$858 million in its place. The state farms Nkrumah set up could not produce enough food to feed their own workers, let alone the nation. Between 1960 and 1966, food shortages appeared and local food prices doubled. Ghanaians were suffering.

Nkrumah's policies were emulated by many African countries. Predictably, in one country after another, economic ruin, dictatorship and oppression followed with deadly consistency: Angola, Guinea, Guinea-Bissau, Mali, Mozambique, Zambia, and now Zimbabwe.

State-Sector Albatross. By 1980, almost every African economy was dominated by one large sector — the state sector — created by a maze of laws, controls, and regulations. Public sector expenditures in 1986 were more than 27 percent of GNP, compared with only 19 percent in low-income countries outside Africa. The state sector had become an albatross, characterized by a huge civil service, overlapping bureaucracies, stifling red tape, hideous waste and corruption, and hopelessly inefficient state enterprises (SEs). Many of these enterprises were acquired haphazardly with little planning and foresight and overstaffed with party functionaries.

In the early 1980s, there were more than 3,200 SEs in Africa whose collective performance was nothing short of the scandalous. A state-run shoe factory in Tanzania continues to operate at no more than 25 percent of capacity. Here are some other examples:

- ◆ ◆ For 14 months, from November 1978 to January 1980, the State Jute Bag Factory in Ghana was closed due to a shortage of raw materials. Yet the 1,000 workers received full pay for the entire period of closure.
- ◆ ◆ In Niger, the cumulative deficit of 23 loss-making SEs exceeded 4 percent of Niger's Gross Domestic Product (GDP) in 1982.
- ◆ ◆ In Tanzania, between 1976 and 1979, one third of all SEs were losing money.
- ◆ ◆ In Togoland, the losses of just eight SEs reached 4 percent of GDP in 1980 while in Ghana 75 percent of SEs made losses.

Many of the SEs were set up with foreign loans and aid. But in many cases, the investment decision was poorly appraised and riddled with graft and corruption. For instance, a cement plant serving Ghana, Ivory Coast, and Togo was closed in 1984 after only four years in operation. A 1987 evaluation of rural development projects in Africa financed by the World Bank revealed that half had failed. After Somalia built a plant to box bananas in 1976, it was discovered that the production level needed for the plant to break even exceeded the national banana production. In 1975, Tanzania built a \$2.5 million semi-automatic bakery in Dar-es-Salaam with Canadian aid. But there was no flour to make bread. When Ghana's state-owned Sugar Factory at Asutsuare was built, it stood idle for more than a year because somebody forgot to include a water supply system. Ghana's state-owned shipping line, *Black Star Line*, had so many redundant employees that 254 workers were paid for three years (1981-1984) to simply stay home.

Railways in Shambles. The railways, state-owned, which were once the backbone of Africa's transportation system, are now in shambles. Between 1985-87, only two black African railways out of 22 derived any modest financial surplus. In 1985, out of nine railways for which reliable data are available, one had operating costs of 90 percent, another, 50 percent of revenue.

Ghana Railways used to carry 2.6 million tons of freight in the early 1970s but only 0.4 million tons by the middle of the 1980s. Nigeria Railways lost 33 percent of traffic from 1979 to 1986. In Sudan, 40 percent of exports were carried by rail in 1980 but by 1986, the railway's share had fallen to 5 percent. Staff costs of railways absorb up to 75 percent of revenue in some cases. Nigerian Railways for example had six times the staff per traffic unit of European Railways in 1987.

The civil service is one segment of the state sector that has experienced the most phenomenal growth. In Ghana, the civil service increased at a rate five times the growth of the labor market — 14 percent each year between 1975 and 1982. In The Gambia, the civil service doubled between 1974 and 1984. By 1986, Guinea's 75,000 civil servants' wages accounted for 50 percent of current expenditures. In the Central African Republic, civil service salaries absorbed 63 percent of current revenues. More than 20 percent of Ghana's civil servants were declared superfluous. In February 1987, some 30 percent of the staff in all the ministries in Sierra Leone were considered useless.

Cleaning House. Reform of the hideously inefficient state sector began in the latter part of the 1960s when the military seized power and threw out kleptocrats. The soldiers embarked on a "house-cleaning" drive to inject discipline and efficiency into the public sector. Many Africans applauded enthusiastically.

The military also claimed they needed even greater political powers for "house-cleaning," national "redemption," and "reconstruction." Constitutions were suspended, curfews were imposed, political parties and associations proscribed, etc.

The military regimes did not ask for these powers; they simply usurped them. But all these were exercises in futility. First, since there were no checks or safeguards, the military too abused their powers. As Lord Acton once observed, "Power tends to corrupt and absolute power corrupts absolutely." Second, the military itself succumbed to the sweet taste of power and overstayed its welcome. In most countries, they turned out to be far worse than the civilian governments they replaced. They looted national treasuries with "discipline" (Liberia, Nigeria, and Zaire) and ruined one African economy after another with brutal "efficiency" (Benin, Burkina Faso, Ethiopia, Ghana, Somalia, and Uganda).

A new breed of "dedicated" military officers, such as Rawlings of Ghana and Sankara of Burkina Faso, emerged and overthrew the corrupt stratocrats. But this new breed was not significantly better. They resorted to draconian measures, stringent controls, and harsh enforcement as if more of the wrong medicine would cure the patient. By 1984, the situation had become hopeless.

Economic Restructuring. In a rare moment of courage and forthrightness, African leaders admirably admitted before the 1986 United Nations Special Session that defective policies and economic mismanagement were also significant in precipitating the crisis. Subsequently, economic reform and restructuring programs were drawn up and courageously implemented. By the end of 1988, more than half of the black African nations had signed a Structural Adjustment (SA) agreement with the IMF and the World Bank.

Typically, an SA agreement provides loans to a developing country to revamp its economy and re-orient it toward greater reliance on markets and private sector participation. Such programs entail sale of inefficient state enterprises, removal of price controls, exchange rate devaluation, and a dismantling of the state interventionist behemoth. A few of the reforming countries, such as Ghana, Malawi, and Tanzania have shown impressive results. For example, Ghana, after years of economic decline, has registered a stellar 6.2 percent annual rate of GDP growth over the last four years. Overall, however, the experience with economic restructuring in black Africa has been disappointing. Controversy erupted when an April 1989 World Bank study concluded that "strong reforming" countries had raised their GDP growth on average from 1.2 percent a year to 3.8 percent between

