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Commentary

Africa's Free-Market Solution

Jens F. Laurson and George A. Pieler 07.23.09, 5:45 PM ET

The days when Africa could blame its troubles on its former colonial overseers are long past.

"We're in 2009," Barack Obama said in an interview before his visit to Ghana. "The West and the United States have not been responsible for what's happened to Zimbabwe's economy over the last 15 or 20 years. It hasn't been responsible for some of the disastrous policies that we've seen elsewhere in Africa. And I think that it's very important for African leadership to take responsibility and be held accountable."

It sounds harsh, but truly good governance is the only recipe for Africa if widespread prosperity is to take root. Africa has the all the natural and human resources it needs to be as successful, in agriculture and economic development, as any place on the planet. And while the continent's problems go deeper than mere blame-shifting, the West and the United States are actually, and in good part, responsible for Africa's malaise--except in a different way than usually thought.

Obama, like much of the West, ignores the true sins of postwar development policy. Foreign aid to Africa has consisted--and still does--of dumping cash, credits and commodities in ways that destroy incentives for the very self-reliance Western leaders preach. This is acutely true for agriculture, where Africa should be spectacularly successful. But it isn't, because agricultural aid to the "forgotten continent," however well-meaning, becomes a form of dependency. How can Africans and their governments rely on African farmers, large and small, when free--or subsidized--food undermines the economic viability of farming "on location"?

Where aid really could help--in the form of spurring robust, open trade between Africa and the developed world and among African nations themselves--the West instead pushes domestic subsidies.

In a Cato Institute analysis called "The False Promise of Gleneagles," the author, Marian Tupy, points out that trade barriers and agricultural subsidies do more harm to African agriculture than direct aid could ever offset. He cites the Organization for Economic Cooperation and Development's reckoning that Western agriculture subsidies totaled \$365 billion in 2007. Slashing those subsidies and ending tariffs is the way to make Africa self-sufficient--or a net exporter--in agriculture. In light of all this money spent to keep Africa out of a market for which it is a natural contender, giving an additional \$20 billion in agriculture aid to Africa sounds like a sick joke.

This pledge of further aid, of course, is accompanied by the right rhetoric: let's get Africa the seeds, the infrastructure and the environmentally friendly high-yield technologies that will make a difference.

We've been hearing the same rationales throughout the post-colonial era. We may be forgiven, then, for greeting these new aid pledges with a bit of cynicism--especially because they come from the same folks who dropped the ball during the Doha trade negotiations, which had promised to cut those domestic farm subsidies.

The whole scenario might appear hilariously hypocritical if it didn't so profoundly impact the daily lives of millions of Africans still awaiting their own green revolution. The G-8 crowd emphasizes strengthening small African farmers. But their own policies passively (through subsidies) and actively (through selling subsidized food in Africa) have helped keep those very farmers out of business. These nations are guilty of more than spin; they have become the problem.

Africa needs open markets, free trade both among its constituent nations and other developing nations, and the removal of ideological blinders.

None of this "farms must be small" business when larger combines could create more wealth. No racial divide in allowing land ownership, either. Fewer bureaucrats, less corruption, fewer bribes. It's a free-market formula that works everywhere and,

really, for every issue. But it matters most in Africa.

There are glimmers of hope. In Ghana, Obama said: "America can also do more to promote trade and investment. Wealthy nations must open our doors to goods and services from Africa in a meaningful way." These sensible words, at least, offer hope that the president will give the subject an overdue second look.

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