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Free trade, rights will aid Africans

Editorial

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President Obama's focus is on Africa this week, and while his intentions are undoubtedly good, he should keep in mind that we can't fix Africa's problems externally. The worst of the continent's seemingly intractable problems aren't caused by insufficient Western aid; they're kept in place by government corruption and mismanagement.

In fact, Western policies (including some well-meaning rules about assistance) have actually hurt Africa's development in recent years.

"To sustain and accelerate the current growth of African economies, African leaders need to focus on domestic structural and institutional reforms," writes Cato Institute scholars Marian L. Tupy and Dalibor Rohac. "They also need to make more tangible progress removing existing barriers to trade and investment on the continent. But African leaders should demand that the West help too, by abandoning its agricultural protectionism, including the wasteful programs of explicit and implicit support of domestic agricultural production, which hurts agricultural sectors in developing economies."

Let's begin with some basic economic principles.

"Countries that improve their policies and institutions — by increasing their trade openness, limiting state intervention in the economy, building a business-friendly environment, and emphasizing protection of property rights and the rule of law — tend to grow faster than others," the Cato scholars point out. "Such countries are also better at attracting foreign capital, which helps to increase economic growth. Credible improvements in policies and institutions increase confidence and foster investment and economic growth."

Reforming such policies goes much further in lifting a nation's people out of poverty than traditional aid does, particularly in countries where corruption is rife. Corruption can't be fixed from the outside, but paradoxically, it can be sustained from the outside. And that's what traditional aid can actually do, by legitimizing the elites in power and giving them Western largesse to distribute at their whim.

Other Western policies have also proved harmful. Those include food assistance programs that don't take advantage of Africa's diversity. A famine in one part of the continent is usually offset by a season of plenty in another. Free trade between African countries could help alleviate much of the hunger. But instead of encouraging African nations to trade with each other, we send

Kansas wheat and Nebraska corn. This kind of aid also depresses African commodity prices, as African farmers are forced to compete with free U.S. commodities.

The bottom line, the Cato scholars say, is that Africans can do more good by dropping tariffs they have against each other and reforming their institutions than by seeking additional Western assistance.

“African problems cannot be solved in Western capitals, and the region need not rely on the West to develop,” the scholars say. “Persistent poverty in Africa is caused primarily by flawed domestic policies and institutions. As such, it can be overcome only by changes made by Africans themselves.”

President Obama’s focus on Africa is appropriate; the region is filled with both problems and promise. But he shouldn’t be quick to offer more of the kind of assistance that hasn’t helped thus far.