

## Opinion: Africa needs free market economies

Gates money for vaccines will help Africa's children, but better economic policies will help them more.



By Marian Tupy — Special to GlobalPost  
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WASHINGTON — Speaking at the World Economic Forum meeting in Davos, Microsoft founder Bill Gates announced last month that he will donate \$10 billion over the next decade to develop and deliver vaccines to children in poor countries.

That is tremendous news for millions of young Africans who suffer from ailments varying from tuberculosis and malaria to diarrhea and pneumonia. But the magnanimity of Bill and Melinda Gates, investor Warren Buffett and other philanthropists can only go so far. African children continue to suffer from diseases long forgotten in the West because of poverty — a problem that can only be solved by Africa's largely venal, corrupt and incompetent governments.

Everyone knows the story of a greedy businessman or an unscrupulous corporation making profit from defenseless workers in poor countries. This storyline — a subject of thousands of movies — usually ends with the wicked exploiters punished by a selfless and resolute agent of a government. Inconveniently for the Hollywood screenwriters, there is a paucity of evil corporations on the world's poorest and unstable continent. It turns out that African governments are perfectly able to wreak havoc without the help of the private sector.

Since the 1960s, a large number of African countries went through devastating civil wars. While some of them, including Angola, Mozambique and Nigeria, seem to be on the mend, the Democratic Republic of Congo and Sudan remain perilously unstable. Others, like Ethiopia, Zambia and Tanzania experimented with socialism, becoming some of the world's poorest countries in the process.

Some African countries ended up with nutty dictators. Idi Amin of Uganda, for example,

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kicked millions of the most productive people out of the country, while Jean-Bedel Bokassa of the Central African Republic was so enthralled by Napoleon Bonaparte that he had himself crowned emperor.

Bad government has devastating consequences.

Take Zimbabwe, where a power-hungry dictator took land away from farmers, both white and black, “guilty” of the crime of supporting the democratic opposition. Zimbabwe’s agriculture-based economy promptly collapsed and with it, its standard of living. An average Zimbabwean was richer when Ronald Reagan became the President of the United States than today.

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Since 1994, the average life expectancy for women in Zimbabwe has fallen from 57 years to 34 years. Among men it has dropped from 54 years to 37 years. Since 2000, some half a million Zimbabweans have died because of poverty, disease and violence, while some 3 million fled to South Africa alone. No wonder that one of the most popular jokes in Zimbabwe is: “What did Zimbabweans use for light before candles? Electricity.”

Overall, African incomes fell by 5 percent between 1975 and 2005. In contrast, Chinese and Indian incomes, adjusted for inflation and purchasing power parity, rose by 888 percent and 174 percent respectively. The sad truth is that humanitarian aid, be it dispensed by Western governments or by Western philanthropists, can only alleviate some of the symptoms of poverty. Healthier and better fed Africans will still face the challenge posed by political instability and stagnating economies.

Botswana offers an alternative form of government. Traditionally, Botswana was ruled by chiefs whose power was limited by custom and law. The chief consulted with advisers and was expected to discuss his likely decisions in public assemblies where villagers could freely express their views. The support for democratic ideals is evident in the culture of the people of Botswana. The phrase “Kgosi ke kgosi ka batho,” for example, means that “a chief is a chief with the consent of his people.” This tradition of democratic values has undoubtedly smoothed Botswana’s transition to a modern democracy.

But, a vital source of democratic stability as well as increasing prosperity was the relatively free-market economic model put into place by Botswana’s first president Seretse Khama. Khama adopted pro-market policies on a wide front, according to Scott Beaulier of Mercer University.

“His new government promised low and stable taxes to mining companies, liberalized trade, increased personal freedoms, and kept marginal income tax rates low to deter tax evasion and corruption,” said Beaulier.

In countries with state control of the economy, opposition tends to weaken. Those who disagree with the ruling party soon find themselves without a job and without an income. In contrast, a free economy provides for diffusion of wealth and power. It also provides for higher rates of growth. Thus, between 1966 and 2006, Botswana’s average annual growth

rate was 7.22 percent — among the world's highest. Its income per capita adjusted for inflation and purchasing power parity rose from \$671 in 1966 to \$10,813 in 2005.

The work of magnanimous philanthropists like Bill Gates will hopefully alleviate some suffering in Africa. But if the world's richest people want to help Africa escape poverty, they should find ways of supporting genuine economic liberalization on the African continent.

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