Geography helps to explain Africa's woes

Africa Daily Times 6-8-03

JOHANNESBURG: It's good for your country to have a coast — or at least lots of its population in close proximity to the sea — and not just for trips to the beach. Recent studies are confirming what many economists have long known: that geography matters. Size does too. This may be especially relevant to Africa, helping to explain why it is the world's poorest continent and why the wealth gap between it and the rest of the planet is growing.

"More countries are land-locked (in Africa), with small populations, than in any other region," says the United Nations Development Programme (UNDP). "This impedes growth by making exports costly and limiting incentives for foreign direct investment," it says. In its 2003 Human Development Report, the UNDP looks at economic growth rates by population size and geographical factors between 1980 and 1998. Small countries are classified as those with fewer than 40 million people in 1990 while those with three quarters of the population living more than 100 km (60 miles) from the coast are classified as inland — even if they have a coastline. "Small and inland countries enjoyed much less economic success over the same period (than large or coastal countries)," the report says. "The findings are particularly relevant for Africa, since 33 of the 55 countries counted as small and inland are on that continent," it says.

Geography important, but not a straitjacket: Economists going back to Adam Smith in the 18th century have argued that geography is a vital ingredient of economic success, and analysts have in recent years been closely examining its impact on development. "Nearly all landlocked countries in the world are poor, except for a handful in Western Europe that are deeply integrated into the regional European market," says a 1998 paper by John Luke Gallup and Jeffrey Sachs which was presented to the Annual Bank Conference on Development Economics. There are a number of reasons for this state of affairs.

"Geography is playing a key role in the struggle of many African countries to move forward, and small inland countries are facing a particular challenge," UNDP economist David Stewart told Reuters.

"With small internal markets and high costs to reach global trading routes, the economies of these countries are too small to attract the investment necessary to diversify away from primary commodities — a vital step in progressing in development," he said.

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Of course, there is little a country can do about the physical reality of its geography, short of invading and annexing a neighbouring state. But geographical location needn't be a straight-jacket. "Geography is not destiny — policies such as regional economic integration and investments in infrastructure can break through these barriers," said Mr Stewart.

One size does not fit all: Obviously, this theory is not a case of one size — or one location — fitting all. Botswana, according to Gallup and Sachs, was the richest non-European landlocked country with a population of more than a million in 1998, and is widely seen as an African success story. But as they point out, it "owes its pride of place to well-managed diamond mines." Much of the wealth of the continent's largest economy, South Africa, was extracted from gold mines far from the coast. The largest city, Johannesburg, is not even built on a navigable river.

In Eastern Europe, Romania has a Black Sea coast and more than twice the population of the landlocked Czech Republic, but the latter's economy has fared far better since the collapse of the Iron Curtain. There are other geographical factors that bode ill for growth, investment and development. Gallup and Sachs looked at income differences among tropical, subtropical and temperate-zone economies (Africa's economies would be lumped in the first two) and found huge disparities. It found the median income in tropical countries to be $3,191, while it was $7,254 in subtropical states and $9,296 in temperate zone economies. "Tropical regions are hindered in development in comparison to temperate regions, probably of higher disease burdens and limitations on agricultural productivity," it says. The map, it seems, has worked against Africa in modern times while helping to chart Europe's path to prosperity.

"Sub-Saharan Africa...has several characteristics closely associated with low income in general: a very high concentration of land in the tropics, a population very heavily concentrated in the interior; (and) more than a quarter of its population in landlocked countries," say Gallup and Sachs. They also point out that Africa is quite far from the closest "core" markets in Europe and has low population densities in its coastal and interior regions.

Geography alone does not explain the widening income gulf between Africa and the rest of the world. A devastating AIDS pandemic has compounded the misery caused by tropical diseases such as malaria. While small numbers of people may mean tiny, unattractive markets, big is not always beautiful.

The populations of most African countries are growing at a much faster pace than their frail economies can handle, with the young and unskilled swelling the ranks of the unemployed. Analysts also point to unfair trade practices that prevent many African goods, particularly food products, from penetrating rich markets. High debt loads are another millstone. And many African countries have suffered from shoddy governance, rampant corruption and brutal dictatorships. But geography does seem to be playing significant a role. The trick is to build the ladders that breach this natural obstacle to prosperity — such as regional cooperation — and give Africans the opportunity to climb out of their poverty. —Reuters