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Promoting Economic Freedom in Africa

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Abstract
Africa is poor because it is not free. It is the most un-free continent in the world. Only 10 of the 54 African countries can be classified as economic success stories. Efforts to promote economic freedom in Africa have failed due to resistance from the leadership, Chinese forays into Africa, and adherence to a flawed Washington Consensus approach. Progress can be made by beginning with intellectual and institutional reform before economic liberalization as well as restoring Africa's rich heritage of free village markets, free trade, and free enterprise.

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I. Introduction

Africa, consisting of 54 countries, is the least developed region of the Third World despite its immense wealth in mineral and natural resources. Name the mineral, and most likely, it can be found in Africa. Yet, the continent is mired in poverty. This should not surprise anyone because Africa is the most economically un-free continent. According to the Heritage Foundation of Washington, D.C., and the Fraser Institute of Vancouver, Canada: "Individuals are economically free if property that they have legally acquired is protected from invasions or intrusions by others, and if they are free to use, exchange or give away their property so long as their actions do not violate other people's similar rights" (*Economist*, 1996, p.21). Economic freedom does not exist when a government arbitrarily can confiscate private property (residential or commercial); conscript individuals for military service or forced labor; dictate prices at which commodities may be sold and purchased; restrict access into certain occupations, economic sectors, and markets; prohibit the production and consumption of certain commodities and services; and even impose on its citizens the use of a currency rendered worthless by reckless monetary policies. Such is the case in many African countries.

Most African countries are not expected to meet the United Nations Millennium Development Goals (MDGs) of halving poverty by 2015. No surprise here. In September 2010, the IMF held a conference in Washington to determine how best it could help African countries achieve the MDGs. I spoke at that conference. Their intentions were laudable but a little too late for some countries. I stunned the audience when I warned that the following countries were teetering on the brink of implosion: Algeria, Burkina Faso, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Egypt, Equatorial Guinea, Ethiopia, Eritrea, Libya, Sudan, Uganda, and Zimbabwe. That was in September 2010.

Africa's woes started at independence in the 1960s when the leadership spurned their own rich cultural, political, and economic heritage and went abroad to copy all sorts of alien and defective systems to impose on their people. The two most pernicious systems were the political system of sultanism—one-man rule combined with a one-party state system—and the economic system of statism or *dirigisme*. None of these could be justified upon the basis of African political and economic traditions, which are still extant.

The traditional system of governance is characterized by participatory democracy whereby decision-making is by consensus, not by dictatorship. Power is decentralized in the traditional systems. In fact, the ancient African empires, such as Ghana, Mali, Songhai, and Great Zimbabwe, were all confederacies. In addition, chiefs, kings, and rulers can be removed from office for dereliction of duty. Traditionally, Africa's economic heritage features free village markets, free enterprise, and free trade. There were free markets in Africa before the colonialists set foot on the continent. And there was much economic freedom in traditional Africa.[1] However, after independence, the natives were stripped of their economic freedom by a new set of masters—an assortment of black neo-colonialists, Swiss bank socialists, and quack revolutionaries. In one monumental syllogistic error, they denounced democracy as a Western institution, a luxury Africa could not afford. They also rejected capitalism, arguing that colonialism was evil and exploitative and because the colonialists were

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[1] For more on indigenous African economic traditions, see Ayittey (2006, Ch. 7 and 8) and Ayittey (2011).

capitalists, so too was capitalism. Socialism, the antithesis of capitalism, then became their guiding ideology.

Accordingly, a proliferation of socialist ideologies swept across post-colonial Africa—from Julius Nyerere's *Ujaama* (familyhood or socialism in Swahili) in Tanzania to Muammar Gaddafi's Arab-Islamic socialism in Libya, Kwame Nkrumah's Nkrumaism ("consciencism") in Ghana, Mobutu Sese Seko's Mobutuism in Zaire, and Habib Bourguiba's *Bourguibisme* in Tunisia. Only a few African countries, such as the Ivory Coast, Nigeria, and Kenya, were pragmatic enough to eschew doctrinaire socialism. Nearly all the rest were one-party states where opposition parties were outlawed. In 1990, only four African countries were democratic: Botswana, Gambia, Senegal, and Mauritius.

To spur economic development, statism was the vehicle employed by most African leaders under various socialist guises. The state sought to capture the commanding heights of the economy and spearhead development. A plethora of state controls—from price controls to exchange controls and nationalization—were imposed, and a multitude of state-owned enterprises (SOEs) were established to assure state participation and cement state hegemony in Africa's economies. In fact, African governments arrogated onto themselves the power to intervene in almost every conceivable aspect of their economies. Back then, the rationale was to accelerate national development and protect their newly fledged African nations from foreign exploitation. However, none of these statist policies conformed to Africa's own economic heritage. State interventionism required strong centralized rule, which was the exception rather than the rule in traditional Africa (Wickins, 1981, p.228).

Inevitably, the socialist experiment was an unmitigated disaster. State bureaucracies swelled with payrolls padded with government/party supporters. State controls created artificial shortages, black markets, and opportunities for illicit enrichment by the ruling elites as well as bred a culture of bribery and corruption. In addition, they killed off the incentive to produce. More perniciously, African dictators discovered that they could also use state controls not only to enrich themselves but also to punish their political rivals as well as dispense patronage to buy political support and reward their allies. Increasingly, state sectors became unwieldy, grotesquely inefficient, and wasteful. The performance of the SOEs was worse than scandalous. Ironically, these statist policies were supported by several Western economists.

When a serious economic crisis erupted in the 1980s, African governments themselves acknowledged the need for reform: To roll back the pervasive influence of the state and encourage private sector development. Western donors and the World Bank poured in billions of dollars to support economic policy reform or Structural Adjustment Programs (SAPs). For example, the World Bank provided more than $25 billion in funding to sponsor SAPs in 29 African countries over the ten-year period, 1981–1991. Unfortunately, much of that money went to waste. and little was achieved, according to the Bank's own report.

Its report, *Adjustment Lending in Africa,* released in March 1994, concluded that only 6 of the 29 African countries had performed well: The Gambia, Burkina Faso, Ghana, Nigeria, Tanzania, and Zimbabwe. Six out of 29 gave a failure rate in excess of 80 percent. More distressing, the World Bank concluded that "no African country has achieved a sound macro-economic policy stance" (World Bank, 1994, p.4). Worse, its own list of "success stories" began to shrink. The Gambia, Nigeria, and Zimbabwe were struck off the list on account of political turmoil. Even on Ghana, the World Bank's own Operations Evaluation Department noted in its December 1995 report that, "although Ghana has been projected as a success story, prospects for satisfactory growth rates and poverty reduction are uncertain" (World Bank, 1995, p.6). In 1998, the Bank trotted out another phantom list of "economic success stories"—Guinea, Lesotho, Eritrea, and Uganda—only to see them quickly evaporate. World Bank loans and foreign aid to Africa simply bailed out tyrannical regimes in Angola, Ethiopia, Mozambique, and other countries.

Years later, a more embarrassing attempt was made to reform the scandalous foreign aid program and promote economic freedom. In 2003, President Bush unveiled a new aid paradigm—the Millennium Challenge Account (MCA)—with a $5.5 billion budget. Its premise was to be "performance-based"—a welcome departure from the old paradigm. Foreign aid would be given only to those countries that "showed results" in three areas:

- Ruling justly
- Promoting economic freedom, and

- Investing in people.

Each of the three broad category areas has subcategories that must be satisfied for a country to be deemed eligible. For example, "ruling justly" specifies the following six benchmarks or indicators: civil liberties, political rights, voice and accountability, government effectiveness, rule of law, and control of corruption. "Encouraging economic freedom" also has six benchmarks, and "investing in people" has four, bringing the overall total to 16.

Unfortunately, so stringent were these conditionalities that few African countries were eligible. So "the MCA approved an $11 million grant to Tanzania to combat corruption and qualify for a bigger aid package" (Lucas, 2006). In other words, Tanzania, which did not meet the conditionalities, secured aid to help it meet them! And how successful was Tanzania's war on corruption?

Alas, when President Bush visited Tanzania on Feb 18, 2008, he found that the country that was receiving $698 million in MCA grant had no cabinet. The entire Cabinet had been dissolved over a corruption scandal involving the award of a $172.5 million contract to supply 100 megawatts of emergency power to a Texas-based company that did not exist. Even the anti-corruption czar, Dr. Edward Hosea, was implicated (*BBC News,* 2008). Other African countries that had received MCA grants were dubious "success stories." Among them were Kenya, which was gripped by political violence in 2008, and Uganda, where President Yoweri Museveni has been in power for 25 years and which was rocked by social unrest in May 2011 over high transportation and fuel prices. Back in 1986, President Museveni declared ebulliently that, "No African head of state should be in power for more than 10 years" (Mubangizi, 2010). He is still there.

Today, fewer than 10 countries can be classified as economic success stories: Angola, Benin, Botswana, Ghana, Malawi, Mali, Mauritius, Uganda, and South Africa. No African country is classified by the Heritage Foundation/*Wall Street Journal*'s Index of Economic Freedom as "free."[2] Mauritius is classified as "mostly free," and the "moderately free" countries are Botswana, Cape Verde Islands, South Africa, Rwanda, Madagascar, Uganda, and Burkina Faso. Note, however, that some of those countries labeled as economic success

[2] The index is published annually; see http://www.heritage.org/index.

stories have grossly undemocratic political systems: Angola, Burkina Faso, Madagascar, Rwanda, and Uganda.

II. Obstacles in Promoting Economic Freedom

1. Acrobatics on Reform

Over the post-colonial period, three main obstacles have been encountered in promoting economic freedom in Africa. First, there has been strong political resistance to economic reform. African dictators and the ruling elites are just not interested in reforming their abominable political and economic systems, period.[3] Reform is anathema to them, as it will threaten their lucrative business empires and their grip on political power. Consider Tunisia, for example: "Over his 23 years in power, Mr. Ben Ali and his relatives amassed a fortune in banks, telecommunications firms, real-estate companies and other businesses, giving them control over as much as one-third of Tunisia's $44 billion economy, according to anticorruption group Transparency International" (Gauthier-Villars, 2011, A1). They used their political power to squeeze out business rivals and secure lucrative business deals for themselves. Privatization of formerly state-controlled businesses formed the base of Mr. Ben Ali's and his relatives' future wealth. "Among the examples: Marouane Mabrouk, one of Mr. Ben Ali's son-in-laws, won a public auction in 2000 to acquire a controlling stake in Le Moteur, a state company that distributes Mercedes cars in Tunisia. He also won a government license to set up Tunisia's first broadband-cellphone network" (Gauthier-Villars, 2011, A9).

And what these bandits steal is not chump change. General Sani Abacha, the late and former military dictator of Nigeria, amassed a personal fortune of $5 billion (*Globe & Mail*, 2011). President Omar el-Bashir of Sudan "has been accused of siphoning off up to $9 billion of his country's funds and placing it in foreign accounts, according to leaked US diplomatic cables" (*BBC News Africa*, 2010). And Hosni Mubarak managed to accumulate a family fortune of more than $40 billion (Phillips, 2011). To put this in perspective, in May 2010, the *Atlantic Monthly* estimated the net worth of *all* 43 U.S.

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[3] In my 2007 TED speech in Arusha, Tanzania, I referred them as "The Hippos" in contrast to the Cheetah generation: http://www.ted.com/talks/george_ayittey_on_cheetahs_vs_hippos.html

presidents, from Washington to Obama, to be $2.7 billion. In other words, each bandit in Africa stole more than the net worth of all U.S. presidents. In fact, so lucrative has become the presidency that they have transformed it into a "family property." They groom not only their sons to succeed them but also their wives, brothers and even cats and dogs. They will never give it up, even if the whole country collapses around them; witness, Ivory Coast, Libya, Zimbabwe.

Under pressure to reform, they will perform the "coconut boogie"—one swing forward, three swings back, a jerk into the air, and a tumble for a hard landing on a frozen Swiss bank account. Switzerland froze the bank accounts of Ben Ali of Tunisia, Hosni Mubarak of Egypt, and Laurent Gbagbo of Ivory Coast.

Ask them to develop their countries, and they will develop their pockets. Ask them to seek foreign investment, and they will look for a foreign country in which to invest their loot. Ask them to cut government spending, and they will set up a "Ministry of Less Government Spending." Ask them to establish better systems of governance, and they will set up a "Ministry of Good Governance" (Tanzania). If they are asked to curb corruption, and they will set up an "Anti-Corruption Commission" with no teeth and then sack the commissioner if he sniffs too close to the fat cats (Kenya, 2005), produce a government white paper to exonerate corrupt ministers (Ghana, 1996), send the anti-corruption czar off to London for further studies (Nigeria, 2007), or sack him (Zambia, 2009). And when asked to establish democracy, they will empanel a coterie of fawning sycophants to write the electoral rules, toss opposition leaders into jail, hold fraudulent elections, and return themselves to power (Rwanda). When asked to privatize inefficient state-owned enterprises, they will sell them off at fire-sale prices to their relatives and cronies (Egypt, Uganda).

The reform process has been stalled by vexatious chicanery, strong-arm tactics, willful deception, and vaunted acrobatics. After decades of reform, only 15 out of 54 African countries are democratic. Fewer than 10 can be called economic success stories, and intellectual freedom and free media exist in only 10 African countries.

2. "Chopsticks Mercantilism": The Growing China Menace

China's forays into Africa represent the second obstacle to promoting economic freedom, as they have encouraged Africa's despots to abandon reform. In the past, Western aid to Africa was conditioned on implementation of policy reform. In 2008, China announced it will provide Africa with $10 billion in aid over five years with no strings attached (McDonald, 2006).

To feed the voracious appetite of its economic machine galloping at a dizzying 9 percent clip, China has been trolling for resources in Africa. It has spent billions of dollars securing drilling rights in Angola, Nigeria, Sudan, and Angola; has exploration or extraction deals with Chad, Gabon, Mauritania, Kenya, the Republic of Congo, Equatorial Guinea, and Ethiopia; and has invested in the copper industry in Zambia and Congo as well as buying timber in Gabon, Cameroon, Mozambique, Equatorial Guinea, and Liberia. Across Africa, Chinese companies are muscling out Western and other foreign companies to win contracts to pave highways, build hydroelectric dams, upgrade ports, lay railway tracks, and build pipelines. All these forays have been sugar-coated with euphonious anti-colonial verbiage that China was not a colonial power in Africa. But I dismiss this as "chopsticks mercantilism." With chopsticks dexterity, China can pick platinum from Zimbabwe; oil from Angola, Nigeria, and Sudan; cocoa from Ghana; diamonds from Sierra Leone; etc.—all on its own terms.

To be sure, China's engagement with Africa should be a boon. Its overall trade with Africa rose from $10.6 billion in 2000 to $40 billion in 2006, propelling Africa's growth rate to 5.8 percent in 2008—its best performance since 1974 (Tinberg, 2006, p.A14). By 2010, trade with Africa had reached $115 billion. China is now Africa's second largest trading partner after the United States, importing a third of its crude oil from Africa. Furthermore, Africa needs the investment—in particular, to rebuild its decrepit infrastructure. A November 2009 World Bank Report states: "The poor state of infrastructure in Sub-Saharan Africa—its electricity, water, roads and information and communications technology (ICT)—cuts national economic growth by two percentage points every year and reduces productivity by as much as 40 percent" (World Bank, 2009, p.21). To close the infrastructure gap, annual spending of $93 billion would be required. Thus, Chinese investment in Africa's infrastructure should be most welcome. But China's engagement is increasingly being seen as odious, predatory, and brutish. The initial enthusiasm that greeted Chinese investments in Africa has now cooled.

China deals with just about any rogue and unsavory regime in Africa. It supplies jet fighters, military vehicles, and guns to Zimbabwe, Sudan, Ethiopia, and other repressive governments. At the United Nations, China has used its veto power to block sanctions against tyrannical regimes in Sudan and Zimbabwe.

Three aspects of China's contracts in Africa are particularly obnoxious and objectionable.

- The deals are in barter terms and stacked in China's favor. China will spend $5 billion to fix Nigeria's dilapidated railway system in exchange for four oil blocks. China will supply all the equipment and technical personnel at prices determined by itself. Such aid "must be used to buy goods or services from companies, many of them state-controlled, that Chinese officials select themselves. Competitive bidding by the borrowing nation is discouraged, and China pulls a veil over vital data like project costs, loan terms and repayment conditions. Even the dollar amount of loans offered as foreign aid is treated as a state secret" (LaFraniere and Grobler, 2009, A14).
- The nature of the deals being signed are not transparent and are secured through secrecy, outright bribery, kickbacks (Namibia), and building presidential palaces (Sudan, Zimbabwe) and sports stadiums (Congo DR, Guinea), etc.[4]
- Their impact on local economies: Textile industries in Kano, Lesotho, and South Africa have been destroyed by cheap Chinese textile imports. Hundreds of thousands of Africans have lost their jobs in northern Nigeria, Lesotho, and South Africa.

Africans have derived little benefit from these trade deals with China. They offer scant employment opportunities, as China brings its own workers into Africa. The Chinese are also invading sectors traditionally reserved for locals. In August 2010, Ghana began arresting foreign nationals, mostly Chinese, illegally engaged in

[4] *The New York Times* cites the case of a Chinese company, Nuctech, which won a $55.3 million contract to supply scanners for airport security systems and was indicted by Namibian officials for kickbacks (LaFraniere and Grobler, 2009, p.A12).

artisanal mining. Furthermore, the Chinese deals enrich the corrupt ruling vampire elites. Angola, Nigeria, Sudan, and Zimbabwe provide examples in which the trade and oil deals with China have not benefited the poor. Chinese aid, disingenuously described as with no strings attached, is propping up hideously repressive regimes in Ethiopia, Guinea, Sudan, and Zimbabwe. This aid is also impeding both political and economic reform, as recipient governments have little incentive to reform their abominable systems.

The ulterior motivations of China and its real intentions in Africa seem to be to muscle out Western companies and gain access to Africa's resources (*Washington Times,* April 28, 2006),[5] canvass for African votes for geopolitical reasons, seek new markets for Chinese manufacturers, and dump the surplus Chinese population in Africa. China "has also succeeded in getting African states to accept large numbers of Chinese experts and workers as part of their investment packages: 28 'Baoding villages' have been established, each housing up to 2,000 Chinese workers, in various parts of Africa" (Johnson, 2006). In fact, China has a secret plan called the *Chongqing Experiment*, in which more than 12 million of its farmers will be moved off their lands and encouraged to seek out new pastures in Africa.

In Ethiopia, Guinea, Lesotho, South Africa, Zambia, and many other African countries, anti-Chinese sentiments have been growing. The enthusiasm that initially greeted China's forays into Africa has soured. "South Africa's President Thabo Mbeki has warned against allowing Chinese forays into Africa to become a neocolonialist adventure, with African raw materials exchanged for shoddy manufactured imports and little attention to developing an impoverished continent" (Faul, 2007).

3. The Approach: The Washington Consensus

In the final analysis, however, it was the approach—the Washington Consensus—more than anything else that impeded the promotion and achievement of economic freedom in Africa. For decades, up until 1990, Western donors, international aid agencies, and

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[5] In Ghana, China National Offshore Oil Corp. tried to challenge Exxon Mobil Corp.'s $4 billion offer for a stake in a giant oil discovery off of West Africa (McCracken et al., 2009).

multilateral development banks focused narrowly on economic liberalization or reform to the exclusion of all other types of reform. Democracy was not on their agenda. Arguing that their charters prohibited them from delving into politics, they claimed that, if Africa and the developing countries generally pursued the right economic policies and prospered, a middle class would be created that would agitate for its political rights and, hence, democratic pluralism. After all, this was the track the Western countries themselves followed as well as the Asian Tigers. Economic growth was possible under authoritarianism. But economic liberalization did not engender sustainable prosperity in Africa. It enriched only the ruling vampire elites, leaving the masses in abject poverty and creating a tinderbox for social unrest. Most of the African countries that followed that path of economic liberalization—or the Washington Consensus—subsequently imploded or convulsed into political turmoil: Egypt, Ivory Coast, Madagascar, Tunisia, Zimbabwe, etc. The most tragic was Ivory Coast, which used to be called an economic miracle in the 1990s. Tunisia was also hailed as a success story. In Egypt, the street protesters who ousted Hosni Mubarak are now furious about his free-market reforms. "Many of the country's diverse power groups—including the military now running the country, the Muslim Brotherhood, and the young and mostly secular leaders of the Tahrir Square protests—are united by a desire to roll back the economic liberalization and hold its beneficiaries accountable" (Trofimov and Bradley, 2011, p.A10).

The Washington Consensus' approach was flawed on several grounds. First, Western donors, experts, and academics did not understand the causes of Africa's woes. They preached the need to establish democracy, rule of law, free markets, curb corruption, and so on. No one disputes these. They are desirable outcomes, but what they neglected to emphasize are the processes and institutions necessary to achieve those desirable outcomes. For example, democracy is not established by just holding elections. Nor is a free and fair election possible without an independent electoral commission. Nor can corruption be effectively dealt with without an independent judiciary and free media. Nor is a free enterprise system established by just removing price controls and selling off state-owned enterprises. In fact, most of Africa's problems emanate from the absence of the following six key institutions:

1. **A free and independent media** to ensure free flow of information.
2. **An independent judiciary** for the rule of law.
3. **An independent Electoral Commission** is indispensable for free and fair elections.
4. **An independent central** bank to assure monetary and economic stability as well as stanch capital flight.
5. **Neutral and professional armed and security forces** to protect the people and not fire on them.
6. **An efficient and professional civil service** that will implement policies and deliver essential social services efficiently to the people on the basis of need and not on the basis of ethnicity or political affiliation.

The first five institutions are the requirements for a functioning democracy, and all six are critical in ensuring "good governance."

Second, the Washington Consensus also failed to understand the nature of the beast being dealt with. The ruling elites are cunning, devious, and vicious. Western donors seem to have an abiding faith in their ability and willingness to reform. But, as we have shown above, the ruling elites are allergic to reform. They never level the playing field—political or economic. Ask them to implement economic liberalization, and they will implement only those types of reform that benefit themselves and their families, cronies, and tribesmen. Westerners delude themselves into thinking that a dictatorship will reform itself. You do not cajole, jaw-bone or seek rapprochement with such dictators. You smash coconut-heads with a baseball bat!

Third and more fundamentally, the focus was narrow—on economic liberalization to the neglect of all others. No serious attempt was made to promote democracy in Africa until after the collapse of the Soviet Union in 1989, when political conditionalities were added to the disbursement of foreign aid. Even then, it was more of an afterthought. Intellectual or political freedom was not made a priority. In recent times, much hype has been made of the observation that political reform and economic reform must go hand in hand. They do not; political reform must precede economic liberalization.

Economic liberalization is only a part of a whole package of reforms needed to dismantle a dictatorship, which is a controlled system of governance. Consider a dictatorship as a state vehicle that has been hijacked by a political party, the military, or a single individual. It has been retooled to advance or achieve the vision of the dictator. For example, there is Hugo Chavez and, correspondingly, Chavez-mobile. Similarly, Ben Ali and Ali-mobile, and so on. In Tunisia, the "constitution was tailored to bolster Mr. Ben Ali, a sitting parliament packed by his party (RCD) and institutions such as police and courts deeply compromised" (*The Economist,* 2011, p.33). The dictatorship is the entire institutional or governmental system that has been hijacked and compromised by the dictator, his family, and his cronies. Thus, any type of reform in a dictatorship will be controlled or hijacked to benefit them—as were the cases with economic liberalization in Tunisia under Ben Ali and in Egypt under Hosni Mubarak.

Getting rid of the dictator, however, is only a first step in establishing a free society. The dictatorship must also be dissembled. Like a broken-down vehicle that must be overhauled, repairs must be made in order. Dissembling a dictatorship requires:

- **Intellectual reform** (for freedom of expression, of the media)
- **Political reform** (for democratic pluralism, free and fair elections)
- **Constitutional reform** (limiting the powers of the executive*).*
- **Institutional reform** (for independent judiciary, electoral commission, efficient civil service, neutral and professional armed forces)
- **Economic reform or liberalization** (for free markets, free trade)

The *sequence of reform* is crucial. The dictatorship or state-mobile has to be repaired in an *orderly manner*—not haphazardly. There is a cacophonous gallery of various Western groups, governments, academics, and financial institutions pushing for one particular type of reform or another. There is no coordination among them, and they may even work at cross purposes. Now, I ask you this: Which type of reform must take primacy or come first? Wait…remember that economic liberalization did not work well in Africa. How many people would say political reform? Institutional? Constitutional?

I tricked all of you. The first should be intellectual reform or freedom. The ideal sequence of reform should start with *intellectual,* then *political, constitutional, institutional* and *economic.* For Africa, I have called this Ayittey's Law.

The necessity of intellectual freedom is derived from the fact that the case for freedom or reform must be made by the people themselves. *Reform must come from within.* Internally generated reform is far more sustainable and enduring than that sponsored from the outside by the World Bank and Western donors. But for the people to come up with their own reform initiatives, they must have the freedom to express their views about the economy and the affairs of the state. Gorbachev started with *glasnost* (openness); Africa needs to start with *blacknost*. If the people are dissatisfied with the affairs of the state, they should be able to say so, throw the rats out of office, and devise a political system that suits their needs and aspirations—*political reform*. With a newly elected political leadership and team in place, then the flawed constitution, dysfunctional institutions, and broken economic system can be fixed. The revolutions in North Africa started with the self-immolation of Mohammed Bouazizi. His was the ultimate and extreme form of freedom of expression. He was not rich but a poor, unemployed graduate who tried to earn a living by selling fruits and vegetables on a cart by the roadside.

I am also speaking from experience. We got rid of a dictatorship in Ghana by wrestling control of the media out of the hands of Jerry Rawlings in 2000. The proliferation of FM radio stations did the trick for us; they made it impossible for him to steal the election. As *New York Times* columnist Thomas Friedman gushed: "Let's stop sending Africa lectures on democracy. Let's instead make all aid, all I.M.F.-World Bank loans, all debt relief conditional on African governments' permitting free FM radio stations. Africans will do the rest" (Friedman, 2001, p.A13).

Pushing economic reform ahead of other types of reform is like installing a new carburetor when the spark plugs are fouled up or putting the cart before the horse. One does not suddenly move from a state-controlled economy to a market economy in one fell swoop. A market economy requires free flow of information, the rule of law, and a regulatory and constitutional framework to operate. Just as one does not establish democracy by suddenly holding elections, neither does one establish a market economy by suddenly removing price and currency controls, withdrawing state subsidies, immediately liberalizing trade within a country, and privatizing large-scale previously public-owned assets. Such was the character of Jeffrey Sachs' *shock therapy* prescription for Poland, the Czech Republic, and Russia in the post-communist era in the early 1990s. Needless to say, it created enormous problems. The institutional reforms and legal framework needed to make economic liberalization succeed had not been undertaken. It was like installing a new carburetor to improve the performance of a vehicle when the battery is dead.

The most pernicious consequence of shock therapy occurred in Russia, where eight individuals, known as the oligarchs, used insider information and their political connections to gobble up state assets at rock-bottom prices, became instant billionaires, and transferred their wealth into offshore accounts.[6] Unlike America's robber barons, the Russian oligarchs—just like Africa's kleptocrats—produced no new wealth, and they siphoned their profits out of the country. Their activities led Russia to ban offshore accounts in 1994, but it was too late to save the Russian economy and the ruble. Both collapsed in August 1995.

However, economic liberalization pushed by a dictator creates problems and becomes less sustainable when introduced out of sequence. Premature economic liberalization leads to *imperfect capitalism*—crony, oligarchic, or vampire capitalism—because the despot *never levels the economic playing field, which favors his cronies*. Such have been the cases in Argentina, China, EuroAsia, Russia, and Venezuela. It is akin to what economists call imperfect competition.[7] Alternatively, economic liberalization under authoritarianism does not necessarily assure economic freedom.

All successful economic liberalization under dictatorships eventually hit a *political* ceiling, however. This stage is often reached or triggered by a crisis: falling copper prices in Chile, falling cocoa prices in the case of Ivory Coast, the Asian financial crisis in the case of Indonesia, among others. Investors or people who lost money

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[6] They are Roman Abramovich, Vagit Alekperov, Boris Berezovsky, Olag Deripaska, Mikhail Fridman, Vladimir Gusinsky, Mikhail Khodorkovsky, and Vladimir Potanin.

[7] A market is said to be perfectly competitive if it meets five conditions: many buyers and sellers, homogenous product (no brands), no price discrimination, perfect information (all market participants have access to the same information, and freedom of entry and exit. Under imperfect capitalism, at least two requirements are violated: perfect information and freedom of entry and exit.

during these crises would demand explanations or accountability. The ceiling may also be reached with normal economic growth. As people grow wealthy, they demand a greater say in how their countries are governed. But in many developing countries, the prosperity enriches only the ruling vampire elites (crony capitalism), leaving the mass of people in poverty. This produces resentment and sparks rioting over food and fuel price hikes. When the leadership is "enlightened" enough to flee or open up the political space and address the grievances of the people, the economic prosperity continues. In Africa, however, the leadership often refuses to open up the political space, leading to an implosion: Ivory Coast, Madagascar, Zaire, Zimbabwe, among others. Ivory Coast, once described as an "economic miracle," now lies in ruins. China currently faces this quandary. If it opens the political space, the Communist Party will be swept away; if it doesn't, it may disintegrate like the former Soviet Union. Despite crass attempts by the Communist government to block access to images of the Arab spring, China has been rocked by a wave of unrest. "Protests in Zengcheng, in the southern province of Guangdong, followed serious rioting in another city in central China, plus bomb attacks on government facilities in two other cities in the past three weeks, and ethnic unrest in the northern region of Inner Mongolia" (Page, 2011, p.A10).

In conclusion, economic liberalization needs to be coupled with intellectual freedom. Bouazizi's self-immolation was the ultimate and extreme form of freedom of expression. The corollary of freedom of expression is free media. The free media is the most effective weapon against all dictatorships. Get the media out of the hands of corrupt and incompetent dictators. That's what will unleash the reforms we all cherish so dearly, not Western sermons, sanctions, or appeasement.

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