

Dear all:

Some further thoughts on Africa's development.

We all agree that the economic policy "one size fits all" is, at best, misleading. My belief is that it derives from the orthodox view that there is one economic model for all seasons.

I suggest focusing, instead, on four main issues (debt, medical aid, financial aid, and corruption) to an approach which encompasses those aspects.

Suppose one does not believe in this mainstream view: he can emphasize the importance of the individual paths of development. Historical experience shows us that every (current) industrialized country followed its own peculiar path (Germany had banks + heavy industry; Italy had light industry; US had a market-oriented financial system + technology, etc). If a common aspect must be found, it is the so-called social capability, i.e. a background of infrastructure and legal system which is a pre-requisite for development. None would in fact invest in an "empty" country, even if its labor force is extremely cheap.

One could suggest that the G8 countries should pass from the "aid" phase to directly investing in infrastructures expenditure (roads, water etc.). Each G8 country could finance its own firms to do this (a sort of public expenditure for investment in infrastructure). The gain for the G8 would be an increase in domestic employment, a direct control in the quality of the expenditure (less corruption), and an "education" of the local laborers. Later on, a strategy of mixing local labors and G8-"how to do enterprises", similar to the Chinese experience could be followed.

So, according to me, the build up of social capability is a "condition sine qua non" for the development of Africa. The experience of debt and aid has been a failure: we could promote a new view.

The local peculiarities in this contest have to be taken into account. One should understand very well the different peculiarities of Africa and to identify well the structure of comparative advantage of the various individual countries. Some of them have comparative advantages for tourism, mineral resources, agriculture etc. We should identify them (a study group of IPD?) and then propose how to develop those advantages (mixed, i.e. private and public, investment; industrial district of small firms; education of labor force and organizational factors; micro-credit; land reforms etc).

It is a medium-term project, but the Washington consensus policy with its "optimal degree of poverty" (to quote S.I.M.) does not offer any real hope.

Thanks for your attention, Mauro.