

SUB-SAHARAN AFRICA (REGION E)

Sub-Saharan Africa is well known as the poorest and most violent region of the world. It also seems to be the one region that has been slipping further behind over the past half-century rather than advancing in terms of popular material well-being. Civil war flares sporadically from the Horn of Africa to the Atlantic Coast. AIDS is a continuing burden. Mass unemployment is common.

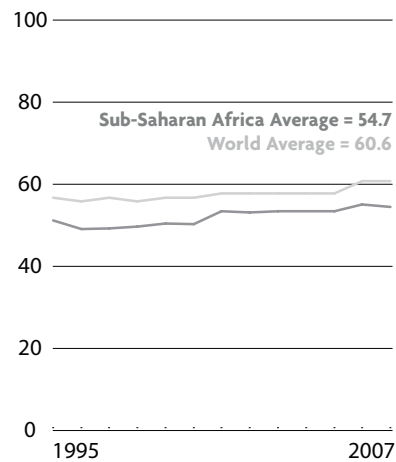
Average GDP per capita is only \$1,984—the lowest of any region and barely one-tenth of the average incomes in Europe and the Americas. Unemployment hovers at 10.5 percent, and the 15 percent average inflation rate is twice as high as that of the next worst region. Unsurprisingly, Africa receives more absolute foreign aid, both multilateral and bilateral, than any other region even though it has just one-fifth the population of Asia.

Chart E1 shows the 1995–2007 time series of the average economic freedom score for the region, compared with the world average. Africa’s overall level of economic freedom is weaker than any other region’s and has even declined over the past year. Nevertheless, there are some success stories, and they usually involve countries with greater freedom. Chart E2 shows the clear relationship between high levels of economic freedom and high GDP per capita.

Table E1 ranks the countries in the region from most free to least free based on their overall freedom scores. It also includes the change from last year’s score, the country’s world rank, and each country’s 2007 scores for each of the 10 economic freedoms. Chart E3 shows the distribution of countries across five different categories.

Unlike regions that have a diverse range of free-market economies, in sub-Saharan Africa there are only distinctions among less free economies. A majority of nations are ranked “mostly unfree,” with the balance split evenly between “moderately free” and “repressed.” Reflecting the consistency of Africa’s chronic problems is a standard deviation of 6.7 points among freedom scores, which is the smallest deviation of any region. Africa’s most free countries, Mauri-

Chart E1: Sub-Saharan Africa Average Economic Freedom



Source: Tim Kane, Kim R. Holmes, and Mary Anastasia O’Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at www.heritage.org/index.

Chart E2: Economic Freedom vs. GDP per Capita in Sub-Saharan Africa



Sources: World Bank, World Development Indicators Online, at publications.worldbank.org/subscriptions/WDI (October 19, 2006; subscription required); Central Intelligence Agency, *The World Factbook 2005*, at www.cia.gov/cia/publications/factbook/index.html (October 19, 2006); International Monetary Fund, World Economic Outlook database, April 2006, at www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm (October 19, 2006); and Tim Kane, Kim R. Holmes, and Mary Anastasia O’Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at www.heritage.org/index.

tius and Botswana, are globally ranked 34 and 38, respectively. South Africa, the third-highest ranked African nation, is ranked 52 globally.

Table E1: Economic Freedom Scores for Sub-Saharan Africa

2007 World Rank	2007 Regional Rank	Country	Economic Freedom 2007	Change from 2006	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
34	1	Mauritius	69.0	2.5	74.5	70.0	87.5	82.0	76.2	70	60	60	42	67.4
38	2	Botswana	68.4	-1.9	66.6	59.6	82.6	54.5	76.8	70	70	70	59	74.9
52	3	South Africa	64.1	-2.2	70.8	68.8	79.8	79.3	78.8	50	60	50	45	58.5
55	4	Namibia	63.8	2.9	76.7	79.0	78.6	70.5	78.6	40	60	30	43	81.2
59	5	Uganda	63.4	-1.5	54.1	58.8	87.1	86.7	78.3	50	70	30	25	94.0
64	6	Swaziland	61.6	-0.6	71.5	59.0	81.5	73.3	76.3	50	50	50	27	77.2
65	7	Madagascar	61.4	-1.6	51.2	72.8	87.2	85.0	70.0	70	50	50	28	50.1
82	8	Kenya	59.4	-0.6	58.9	65.0	85.9	83.6	74.4	50	50	40	21	65.2
86	9	Senegal	58.8	1.4	56.4	61.6	73.9	85.9	82.9	50	50	50	32	45.2
88	10	Cape Verde	58.4	-1.8	50.5	31.2	78.0	77.7	84.2	50	50	70	30	62.5
91	11	Ghana	58.1	1.5	54.9	58.0	88.4	72.0	70.0	50	50	50	40	48.2
92	12	Zambia	57.9	-1.2	63.6	60.8	80.4	81.9	57.8	50	50	40	26	68.6
93	13	Gambia	57.6	-0.3	59.0	54.6	81.4	76.4	67.2	50	60	30	27	70.9
101	14	Mozambique	56.6	1.4	51.5	60.2	85.5	86.2	75.9	50	50	30	28	48.2
103	15	Tanzania	56.4	-2.9	44.8	63.6	87.1	85.7	74.4	50	50	30	29	49.4
105	16	Ivory Coast	55.5	-1.3	48.1	58.6	66.3	86.2	78.6	40	70	30	19	58.4
106	17	Malawi	55.5	-2.4	54.4	59.6	80.6	53.3	66.4	50	50	40	28	72.8
111	18	Guinea	55.1	1.4	39.3	54.6	83.3	92.4	57.5	30	60	30	30	73.5
113	19	Burkina Faso	55.0	-0.7	42.7	57.2	84.9	88.9	76.8	40	50	30	34	45.1
114	20	Benin	54.8	0.5	47.2	54.6	78.5	87.9	82.5	30	60	30	29	48.2
116	21	Ethiopia	54.4	1.1	59.4	53.0	84.8	83.0	69.9	50	20	30	22	72.3
117	22	Cameroon	54.4	0.3	41.0	50.0	79.7	86.5	77.4	50	60	30	22	47.6
118	23	Lesotho	54.1	-2.8	68.2	44.4	79.5	53.7	76.7	30	50	40	34	64.9
123	24	Mali	53.7	-0.4	37.1	58.6	79.5	84.6	78.4	50	40	30	29	49.7
124	25	Niger	53.5	-0.0	38.4	52.4	77.5	89.2	80.7	50	50	30	24	43.1
126	26	Mauritania	53.2	-2.3	37.5	61.4	83.7	60.4	73.9	60	50	30	30	45.5
128	27	Equatorial Guinea	53.2	3.0	44.7	47.6	82.1	81.8	79.3	30	60	30	19	57.4
129	28	Gabon	53.0	-2.0	52.1	46.4	74.2	71.0	81.3	40	40	40	29	55.7
130	29	Djibouti	52.6	-2.4	37.1	26.4	87.0	53.4	79.0	50	60	30	30	73.5
131	30	Nigeria	52.6	3.8	63.1	56.6	89.5	41.7	70.5	30	50	30	19	75.2
136	31	Rwanda	52.1	-2.2	50.8	60.6	82.6	80.3	70.2	30	40	30	21	55.9
137	32	Central African Rep.	50.3	-4.5	38.9	44.2	77.1	90.2	76.4	40	40	20	30	45.9
139	33	Togo	49.8	1.4	37.5	58.4	69.8	90.6	76.5	30	30	30	30	45.5
141	34	Sierra Leone	48.4	1.6	50.5	50.2	82.0	83.8	72.9	30	40	10	24	40.2
146	35	Burundi	46.8	-2.8	40.9	50.6	80.0	60.0	68.1	30	30	30	23	55.2
147	36	Chad	46.4	-3.0	25.1	54.2	57.7	81.9	77.7	40	50	20	17	40.2
148	37	Guinea-Bissau	45.7	-1.4	27.2	52.8	88.6	59.9	80.7	40	40	20	10	37.9
149	38	Angola	43.5	0.1	33.9	68.0	90.0	38.4	47.7	20	40	20	20	56.7
151	39	Congo, Republic of	43.0	-0.6	40.4	44.4	73.2	56.9	77.3	30	30	10	23	44.8
154	40	Zimbabwe	35.8	1.8	42.9	42.6	79.5	83.9	-	10	20	10	26	43.2

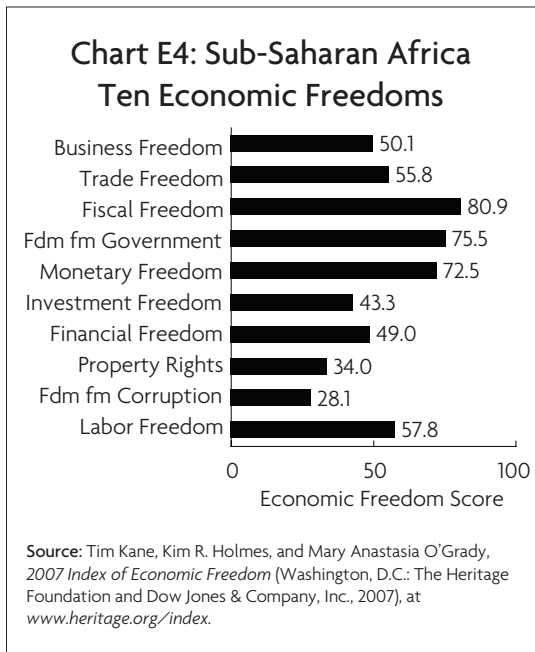
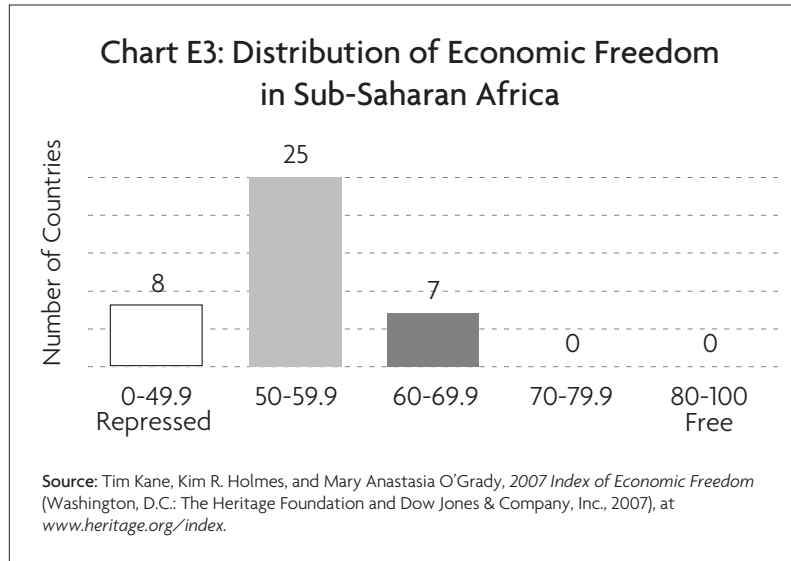
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On the other hand, eight of the 20 countries ranked “repressed” around the world are located in this region.

Sub-Saharan Africa is also ranked last in seven of the 10 economic freedom categories and performs especially poorly in terms of property rights, freedom from corruption, and business freedom. Chart E4 shows regional scores in each of the 10 economic freedom categories. Some of the gaps between sub-Saharan Africa’s score and the world average score are especially striking: almost 10 points for business freedom, 10 for freedom from corruption, and six for property rights. The single factor on which the region rates higher than the world average is in terms of government expenditure. Ironically, however, it is worse in terms of taxation. Labor freedom is perversely restricted in the region, which is odd because heavy labor regulations are much more common among higher-income nations. It appears that the countries of sub-Saharan Africa have been saddled with the worst policies of their former European colonizers but none of the prosperity.

The signs of government failure are overwhelming in the heart of Africa and in some cases are so severe that the next few years will be inevitably bleak. Zimbabwe’s rate of inflation, for example, is 350 percent, and unemployment runs at 80 percent. With political instability rampant in the region, it is unlikely that even the liberalizing tendencies of Mauritius or Botswana can have a significant enough statistical impact to lift Africa out of its last-place status.

Within the region, Botswana is freest in the most absolute categories, although Mauritius is freest overall. Namibia scores highest in business and trade freedom, showing a strong commitment to free trade and pro-business regulations. Angola, as an oil-exporting nation,



scores highest in fiscal freedom because of its low tax burden. Cape Verde has the lowest absolute inflation, giving it the highest score in monetary freedom, and Uganda has the highest labor freedom.