

ECONOMIC DEVELOPMENT POLICIES IN WEST AFRICA: MAKING THE CASE FOR FREE ENTERPRISE

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Abstract: Economic development in Africa and everywhere else for that matter, is furthered by capital accumulation. And this is fostered by economic freedom and private property rights which encourages the saving and investment which are the *sine qua non* of economic growth. The present paper attempts to make this case with regard to the African continent.

Keywords: Africa; economic development; private property; capitalism.

JEL: O2

1. Introduction

West Africa was home to some of the greatest African Empires in history—the Songhay Empire, Mali Empire and the Ghana Empire—that traded with Arabs well before the advent of Europeans in Sub Saharan Africa (Miles, 2014; Bentley et al, 2016, p. 412-413). Primarily concerned about their own economic interests, the colonial governments in West Africa were less interested in nation building (Bentley et al, 2015, p. 604-605). Indeed, after colonization, Sub-Saharan Africa went from a land largely constituted of tribal kingdoms, to an ensemble of constitutional sovereign states whose borders were drawn—without local consultation—at the Berlin Conference in 1889 by Western leaders (Bentley et al, 2015, p. 544); tribes and hitherto connected communities were split amongst in many different countries: the Yoruba—between Benin and Nigeria, the Hausa—between Nigeria and Niger, and the Ewe—between Ghana and Togo (Miles, 2015, p.194). Mostly influenced by Western ideals of nationalism, socialism, and communism, many African leaders—Nkrumah, Lumumba, Kenyatta, Nyerere, Senghor, etc.—set out to build more egalitarian societies, following the independence movements (Nkrumah, 1963, p. xiii; Bentley et al, 2015, p.604-605; Miles, 2014, p. 39-50). While these enlightenment ideals seemed inspirational, economic policies that they inspired did not produce the desired effects: they failed to improve the standard of living of ordinary Africans— apart from the dictators and their entourages who stuffed the proceeds of their untoward rule in Swiss bank accounts. Political upheavals that ensued post independence coupled with these ineffective economic policies based on central planning, resulted in many African nations struggling to

develop; most of those countries became dependent on foreign aid,¹ which, unfortunately, just worsened their socio-economic environments (Bauer, 1984, p. 90-105; Moyo, 2009, p.48-58). Indeed, these monies mainly benefited the ruling elites who used the foreign aid funds to further control their populations (Bauer, 1984, p. 90-105; Moyo, 2009, p.48-58). In this paper we take a critical look at the economic policies that West African nations adopted post independence, through the lenses of some of the most prominent scholars who have written about development economics: P. Bauer, A. Lewis, D. Moyo, G. Myrdal, and A. Sen. In doing so we examine how those policies affected those African countries. Finally, we conclude by looking at some specific cases in West Africa, where some countries are now shifting towards free market friendly economic policies, and ask whether doing so is having any impact in improving their standards of living.

In section II of this paper we discuss colonization; section III is given over to agricultural policies. The burden of section IV is to address foreign “aid.” In sections V and VI we deal with egalitarianism and economic freedom. In section VII we attempt to apply the insights of Adam Smith to the challenges of this part of Africa. We conclude in section VIII.

2. Colonization

Proponents of centralized development economics (Lewis 1954; Myrdal, 1970) contend that although contact with the west undoubtedly brought some economic benefits to West Africa, this material progress was limited, and primarily focused on developing industries necessary for the exports of raw materials— cotton, gold, cocoa, etc.—to Europe (Myrdal 1970, p.279-285). Myrdal, for instance, argues that transfer of skills and savoir-faire from the colonizers to the indigenous people could not have occurred because the latter were restricted to performing unskilled labor (Myrdal 1970, p.279-285). Additionally, he claims that colonization did not truly operate on the premises of a free market system; rather it mostly operated with monopolies of western industries who relied on the support of the colonial government to conduct their business, sometimes to the detriment of indigenous industries—local agriculture and craft making. Finally he adds that: “*the most important negative effect of colonization had been the deprivation of their—the African colonies—right to regulate their own economies in their own interest*” (Myrdal 1970, p. 284).

Despite the unsettling changes it brought to traditional societies in West Africa, colonization, according to Peter Bauer, had a positive impact in Sub-Saharan Africa: it brought about and accelerated material progress to Sub-Saharan Africa; through contact with the West, resources, skills, capital, and the idea of material progress reached this part of the world (Bauer, 1981, p.69-73). Bauer claims that areas that had the most contacts with the West experienced greater development than those that did not—for instance the pygmies and desert people (Bauer, 1981, p.69-73). Furthermore this author contends that colonization did not cause poverty in Africa, maintaining that some of the poorest countries in Africa—Liberia and Ethiopia—were never colonized, or were so for only a short period of time—six years in the case of Ethiopia (Bauer, 1981, p.69-73), and that African countries where in fact poor before the West colonized them; very had modern infrastructures: paved

¹ Bauer (1984) insists upon characterizing this phrase as the more neutral “government to government transfers” of wealth. This sweeps away the pejorative of blithely assuming that these funds actually helped their supposed targets, the poor and middle classes.

roads, hospitals, a police force, or any form of public administration. He points to the fact that the white colonizers were in the main limited to the coasts of this continent; few travelled inland. And, yet, the most economically forward areas were on the periphery of Africa, not in its midst.

In our view, while Bauer mainly focuses on the positive argument concerning colonization (Bauer, 1981), the normative aspect is just as important, if not more so. Was the scheme of colonization warranted? Hardly. That black Africa was backward with respect to the West—as Bauer claims (1981), does not give these foreigners the right² to invade other people's land without their permission, divide up their societies without their consent, and effectively transform their socio-economic and cultural lives—for the sake of civilizing them as Kipling puts it in his *White Man's Burden* poem (Kipling, 1899). African peoples did not willingly call for Western colonization, following their own personal interests, in a manner that would be consistent with ideals of the free market: the beginning of colonization necessarily involved coercion (Bauer, 1984, p.90; Friedman and Friedman, 1980, p. 27-33). Because as Bauer points out: "*In British African, as elsewhere, colonial conquest had often been accompanied by bloodshed, and early colonial rule often frequently involved the levy of forced labour*" (Bauer, 1984, p.90).

Finally, while we do not support the premises that led to it, we recognize the positive impact colonization had on African peoples: it brought material progress and the idea of development to parts of Africa that had not experienced such advancements before; it transformed for the better African cultural and socio-economic lives: African cultures mixed with those of their former colonial powers to engender new forms of expressions such as modern African fashion, modern African music, and a written African literature (Miles, 2014, p.50-52). Moreover, new infrastructures—railroads, paved roads, airports, etc.—built during colonization facilitated trade between different regions and the newly formed nations (Bauer), and changed the way Africans approached life's challenges—modern medicine, modern judiciary and law enforcement systems, modern educational systems.—The new currencies established during colonization meant that newly independent African nations could now trade with other parts of the world (Bentley et al., 2016, p. 605-606).³

3. Agricultural Policies

Proponents of aid argue that because agricultural productivity is low in Africa, technology should be provided to those countries in order for them to develop. Myrdal, for

² We do not at all claim that Bauer would have supported any such position. One of the authors of the present paper knew this sterling development economist personally, and can attest this was not the case. Nor did he ever write, normatively, in support of these occurrences. He focused mainly on the positive claim that the local populations with whom they came into contact benefitted economically.

³ Trigger warning: joke coming up. An economist was asked, "How is your wife?" Came the answer: "Compared to what?" In like manner while these "new currencies" were indeed an improvement over barter, what, exactly are we comparing them to? If to the Zimbabwean dollar, they may not have been much of a benefit. These countries might have done better attaching themselves to the British pound, or, indeed, to the gold standard (Block, 1999; Block and Barnett, 2008; de Soto, 2006; Hazlitt, 1965, 1980; Herbener, 2002; Hulsmann, 1998, 2008; Kaza, 1996; Mises, 1952, 1981; Mundell, 1981; Murphy, 2010; Paul, 1985; Rothbard, 1962, 1994; Selgin, 2015; Vieira, 2002).

instance, claims that agricultural practices leading to low productivity partly explain the lack of economic progress in Africa (Myrdal, 1970, p. 78-79). Indeed, farming tends to be characterized by a high labor to land ratio, with a very low output per unit of land (Myrdal, 1970, p. 78-79). So farmers not only employ large resources in terms of land and labor, but also produce very little per inputs. Arthur Lewis, another well-known development economist, also contends that "*The main reason why tropical commercial produce is so cheap, in terms of the standard of living it affords, is the inefficiency of tropical food production per man. Practically all the benefit of increasing efficiency in exports industries goes to the foreign consumer; whereas raising efficiency in subsistence food production would automatically make commercial produce dearer*" (Lewis, 1954, p. 189-191). So to Lewis, raising production efficiency in the subsistence sector—agriculture—in underdeveloped countries would directly benefit the population in underdeveloped countries, whereas development in exports industries—natural resources and raw materials—would not necessarily benefit the local consumers in the short run.

This is akin to economic illiteracy. States such as Iowa, Kansas, Nebraska, Illinois, mainly produce for the “export” market.⁴ Are they poor due to that fact? They are not impoverished in the first place, and, if they were, it certainly would not be because of any such pattern. Failure to produce “subsistence food” is hardly an explanation of reduced welfare. If it were, Manhattan, in New York City, which produces financial (among many other) services, Seattle, noted for its “export” of computer software, and New Orleans (party city) would all be in the financial doldrums. Nothing could be further from the truth. Nor are these insights exemplified, only, by states and cities. The same phenomenon holds true for entire countries. Canada exports raw materials, Germany sends more chocolate abroad than any other country, and Israel’s purchases of imports are financed to a great degree by high-technology products, electronic and biomedical equipment. None of these three nations are exactly poor, and none of these items would qualify as belonging in the “subsistence” sector.

Bauer more correctly argues that the availability of resources and capital does not necessarily lead to economic growth—in agriculture or in any other sector—, nor does the scarcity of resources and capital perpetuate a vicious cycle of poverty (Bauer, 1981, p.185-190). The fact that all developed countries started out as poor, but have now advanced, should suffice to refute Myrdal's argument, claims Bauer (Bauer, 1971, p. 31-33). Agricultural progress depends not only on the skills of the farmers, but also on the official policies affecting the use of land (Bauer, 1984, p.8). In post independence Nigeria, for instance, the net effect of governmental control in agricultural for the purpose of financing industrial sectors led to an increase in taxation for farmers, a levy of tariffs on imported manufactures, and a misallocation of resources from farming to industry, all of which led to a slowdown of farming and the processing industries that relied on it (Bauer, 1984, p. 106-127). Consequently, this contributed to the reduced economic development in Nigeria.

Finally, while a country's industrial and agricultural development is critical, the onus is on private individuals to determine what is best for themselves through their everyday interactions in the market. Contrary to recommendations outlined by Lewis and Myrdal, the first step to promote any form of development, should include promoting individual

⁴ That is, mainly, to other states in that nation, in addition to other countries.

entrepreneurship, not with government intervention, as was the case of in Nigeria, rather by allowing the individual entrepreneurs to thrive. In doing so they would determine which investments to pursue, based on the laws of supply and demand and the ceaseless search for profits. In the case of Nigeria, the government should have reduced taxes on farmers, not increased them; it should have reduced tariffs on imported manufactured goods, and it should have left the market decide on the allocation of resources rather than pursuing a centralized approach (Mises, 1922). Excessive taxation hindered farmer's ability to accumulate capital and reduced their incentives to make new investments; while high tariffs inhibited their ability to import advanced machinery necessary for more efficient production (Mankiw, 2015, p.167-180).

4. Foreign "Aid"

Proponents of foreign aid (Lewis, 1954; Myrdal, 1970; Sen, 1999), joined by the Bretton Woods institutions, posited that capital flow stemming from this funding source was essential for economic development in Africa (Bauer, 1984, p. 63-65). Myrdal for instance argued that foreign aid and welfare policies would help ensure economic growth in Africa. He adds that: *"By far most important are the needed reform policies in the underdeveloped countries themselves. But the difficulties they encounter are so great that most of them will have slight chances to succeed without more aid from the developed countries;"* (Myrdal, 1970, p. 45). However, after six decades of such policies, foreign aid to Africa has proven ineffective in rooting out poverty (Moyo, 2009, p. 47). Indeed, it has in fact hampered economic development there. By removing African government incentives to pursue policies that would have allowed economic development, this malign policy helped create, and enforce a state of welfare in this continent (Bauer, 1984, p. 63-72; Moyo, 2009, p. 46-54). It created an addiction to these monies, inhibited economic growth, discouraged entrepreneurial spirit, and helped sustain a business environment that limited economic freedom. It supported corrupt and dictatorial regimes, inducing higher inflation, inhibiting export growth, and discouraging the inflow of quality capital investment (Moyo, 2009, p.48-68). As one of the first economists who—contrary to the accepted view of the mainstream economists of his time—argued against the merits of foreign aid, Peter Bauer noted that this practice actually contributed to the further impoverishment of African countries (1971). Indeed, the foreign aid disincentives impacting rulers of these African nations to adopt policies that would have allowed their countries to develop (Bauer, 1984, p. 46-52) were very strong. Since being poor was the prerequisite for getting aid money, achieving development would turn off the spigot (Bauer, 1981, p.185-186). Most of these countries consequently turned into welfare states, relying on foreign aid to survive (Bauer, 1981, p.185-186). Furthermore, political leadership in these West African countries tended to misuse foreign aid funds to support their political ambitions, and the lavish lives of their entourage (Bauer, 1981, p. 83-84). They politicized economic life for their own personal gain and used these funds to help them control their people rather than invest in infrastructures that would have benefited the greater part of the population (Bauer, 1984, p. 46-52). Then, too, this policy has had misallocative effects in the labor markets of these countries. Without foreign aid, the young people would naturally be drawn into careers such as doctor, nurse, engineer, carpenter, mechanic, chemist, etc. But this policy inclines labor market entrants to become lawyers, bureaucrats and civil

“servants.” Why? The answer is that while foreign aid comprises a small proportion of the GDP of donor countries, it amounts to a much higher proportion of the budget of the recipients. Instead of pursuing education and training in sectors of the labor market conducive to economic growth (engineers, doctors, etc.), the “invisible hand” of Adam Smith inclines them in direction of the latter pursuits. Even Myrdal (1970), a strong proponent of this policy, agreed that seeking economic development, and adopting policies that would have raised the standard of living of the masses—such as a free market economic policies—seemed counterproductive to these rulers who mainly aspired to remain in power for as long as they could (Myrdal, 1970, p.16-17). As recently as 2009, Moyo (2009, 47)—a prominent African development economist—claimed that over 1 trillion dollars had been invested in foreign aid in Africa, over the past six decades; sadly, this massive investment has not helped in effectively solving the challenges poverty poses in Africa. And long after Peter Bauer first denounced the failure of foreign Aid, Bill Easterly—a former World Bank development economist—after numerous studies of its failures, finally concluded that foreign Aid was not effective in creating economic development and in reducing poverty (Easterly, 2007; Moyo, 2009, p. 67).⁵ The economic argument against foreign aid does not discount its humanitarian based premises; it simply states that while these humanitarian⁶ goals seem laudable, they are counterproductive. This is due to the fact that they defy the basic principles of economics, and end up worsening the lives of the very people it is supposed to help. As long as it continues to exist, there will be poor countries at the receiving end (Bauer, 1981, p.86-93). As Moyo argued, foreign aid is dead aid, and it would be better for the recipient populations if this flow were to stop: there has to be a better way for Africa (Moyo, 2009, p.47).

It is not logically impossible for foreign aid to be a sufficient condition for economic progress. The Marshall Plan after World War II is a plausible case in point.⁷ However, such transfers of funds cannot possibly be a necessary condition. If they were, how, then, to explain the economic development of the first nation to undergo such a transformation: Great Britain. The point is, at that time, by definition, there could not have been a richer country ready to lend support to this one. For the United Kingdom was the very first.

5. The Pursuit of Egalitarianism

Whatever the arguments on the net effect of colonization in Africa might be, one thing remains clear, post independence African leaders did not have favorable opinions of capitalism and colonization: in their views capitalism was the economic ideology that

⁵ For a critique of Easterly (2007) for not going sufficiently far in the direction of urging private property rights and economic freedom as the best means toward economic development, see Block (2011)

⁶ That is indeed one way of looking at these “government to government transfers of funds.” And, it cannot be denied, this the perspective with which most commentators view foreign “aid.” But there is a less optimistic standpoint with which it can be assessed. Here, the focus is not at all on helping the poor. Rather, the undeniable fact is that it greatly benefits the rich and the upper middle class. Many donor nations such as the U.S. have strings attached: the money must be spent on that country’s exports. Then, there are numerous jobs involved for the bureaucrats who administer this institution. International institutions, too, such as the United Nations, involve themselves in this gravy train. None of these people can be considered poor.

⁷ Although there is a vast difference between the African situation and the European. In the latter case, Germany and Italy were economically developed at one time. This does not apply to the former.

supported colonization (Nkrumah, 1963, p. xiii; Bauer, 1981, p. 69). These politicians sought to depart from colonization by adopting nationalist and egalitarian economic policies—somewhere in the spectrum between communism and socialism. Five year plans were the order of the day. These central planning policies, however, did not help develop these postcolonial economies; in the contrary, they contributed to the worsening of economic lives in these newly independent nations: e.g. Ghana, Nigeria, Sierra-Leone, Togo (Bauer, 1981, p.69; Gwartney et al, 1996). Indeed pursuing egalitarian economic policies for the sake of equality of results, necessarily calls for the use of coercive power (Bastia, 2007, p.19-24), discourages entrepreneurship, and restricts economic freedom—all of which are important factors of development (Bauer, 1981, p.18). Furthermore, by adopting central planning—nationalizing exports industries, controlling production outputs and prices, and diverting resources and skills from productive individuals to those who were not, they politicized economic life (Bauer, 1981, p.8-18). This restricted the accumulation and effective deployment of capital, inhibited the rise in economic growth and improvement in the standard of living (Bauer, 1981, p. 8-25). African leaders at the time mistakenly assumed that redistributing income would necessarily translate to a reduction in poverty; but as Bauer contends, just the opposite is true, namely that: *"Redistribution of income and reduction of poverty are often thought to be interchangeable concepts. Indeed, it is often taken for granted that egalitarian policies necessarily improve the condition of the poor. This is not so. The promotion of economic equality and the alleviation of poverty are distinct and often conflicting. To make the rich poorer does not make the poor richer"* (Bauer, 1981, 23).

Egalitarianism is open to attack on philosophical grounds as well (Rothbard, 1971). For one thing, there is the charge of hypocrisy. Many of its advocates are university professors, who can boast of cars, houses, vacations, etc. If they are so intent upon forcing others to give of their wealth so as to supposedly help the poor, how can they justify retaining their relatively speaking vast wealth. Suppose there were a machine that could transfer not money itself, but the characteristics that are responsible for divergences in wealth and income in the first place. For example, height, beauty, intelligence, athletic ability, etc. Would advocates of egalitarianism recommend that such a machine be operated, and that people should be forced in to donating some of these characteristics to the “needy?” Not very likely. And, yet, if they were egalitarians, they would undoubtedly volunteer to take part.

6. Economic Freedom

A key factor for development, economic freedom, will most certainly provide a solution to Africa's endemic development challenges. When people are free to cooperate with one another—while pursuing their own interests—, and without any form of coercion, society as a whole necessarily prospers (Smith, 1776, p.17-25). By economic freedom we mean the ability of individuals to freely engage in mutual cooperation, while pursuing their own benefits, without any government or outside entity forcing them to do so (Friedman and Friedman, 1980, p. 38-51; Smith, 1776, Vol. 1, p. 422 and 458; Rothbard, 1998). African governments should create free market environments by enforcing the rule of law,

^s This is true, but only in the ex ante sense of anticipations. Ex post, it is only usually, but not necessarily, the case.

upholding property rights, minimizing government regulations and interferences with market forces, and adopting sound monetary policies that will provide stable and tradable currencies (Heritage Foundation, 2016). Should African economies promote such economic environment, they would most likely attain prosperity (Friedman and Friedman, 1980, p. 38-51). Pursuing economic freedom would most likely help stimulate economic growth in Africa, and improve the standard of living of ordinary Africans at every level of the economic ladder (Friedman and Friedman, 1980, p. 38-51). Indeed, Moyo argues that, over the past thirty years, three main factors have contributed to stimulate economic growth in Africa: the rise in commodity prices, improvements in democracy,⁹ and the adoption of free-market economic policies (Moyo, 2009, p.3). But natural resources alone do not necessarily lead to development without skills and capital (Bauer, 1981, p.185-190).¹⁰ Political and economic freedom are not mutually exclusive, so long as such a democracy implements policies consistent with free market values, as opposed to socialist policies (Friedman, 2002, p. 7-21).

A report published by the Fraser Institute studied economic freedom of 102 countries—including 29 in Sub-Saharan Africa—over a 20 year period (Gwartney et al, 1996): 1975-1995. The report graded countries from A—mostly free to F—mostly unfree. During the 1980-1994 period, the report found that the 14 countries which scored an A or B experienced an annual per capita real GDP growth of 2.4%, while those that earned an F saw a minus 1.3% average growth rate of per capita GDP. It further concluded that requirements for economic freedom to have a likely impact on the economic growth of a country include: (1) that a country be economically free—have economic policies consistent with free market values; (2) and that free market values be consistently in place, or be improving, over a lengthy time period. Most countries that maintained "mostly free" market economic policies over a long period of time—regardless of their level of income—achieved greater economic growth than most of those that did not (Gwartney et al, 1996). Except Mauritius, which registered a C, all African countries studied weighed in at the F level (Gwartney et al, 1996, p. 90-107). So implementing economic freedom in West Africa will most likely have a positive impact on economic growth in that region.

Twenty years after this report was published, little has changed in terms of economic freedom in West Africa (Heritage Foundation, 2016): most African countries still rank in the lowest quintal of the least free countries. Using Economic Freedom scores from the Heritage Foundation's 2016 *Index of Economic Freedom*; the United Nation's 2015 *Human Development Index (HDI)*; and Freedom House's 2016 *Democratic Freedom Index*, the graphs in figures 1 and 2 were plotted. Also it is worth mentioning in Figure2 that Mauritius and Botswana are not part of West Africa; but given that represent countries with the highest economic freedom in Africa, they are being used for comparison purposes. Examining these graphs, we conclude that:

⁹ For a critical view regarding the possible contributions of democracy, see Hoppe (2001).

¹⁰ Hong Kong was once a barren rock, with no "natural resource" except a deep water port. Japan does not have one resource to rub against another. Brazil, in sharp contrast, is blessed with vast amounts of this particular factor of production. And, yet, lacking economic freedom, it is an economic basket case.

- Countries that have a higher economic freedom score tend to also have a higher Human Development Index while those who have lower economic freedom scores tend to also have lower Human Development Index
- Nations with above average democratic freedom scores are less likely to have better standards of living
- The countries with the highest economic freedom score in Africa also tend to have the highest Human Development Index.

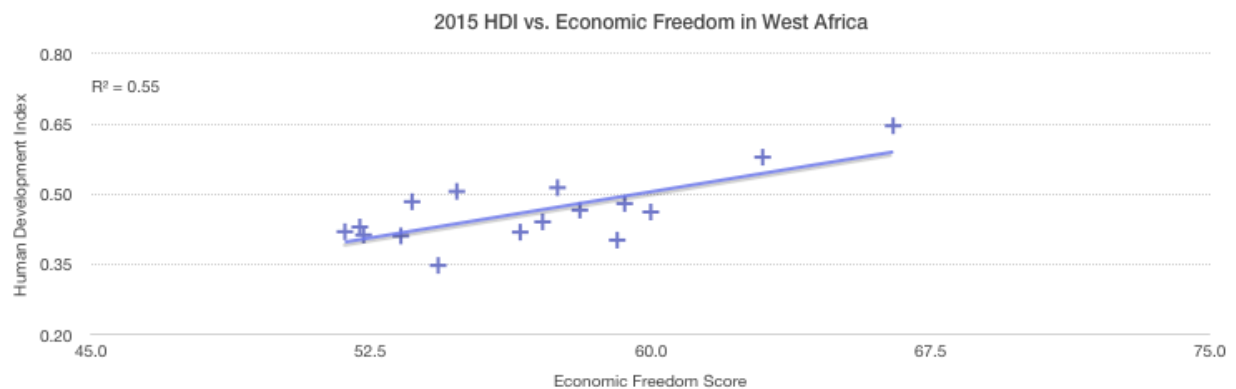


Figure 1

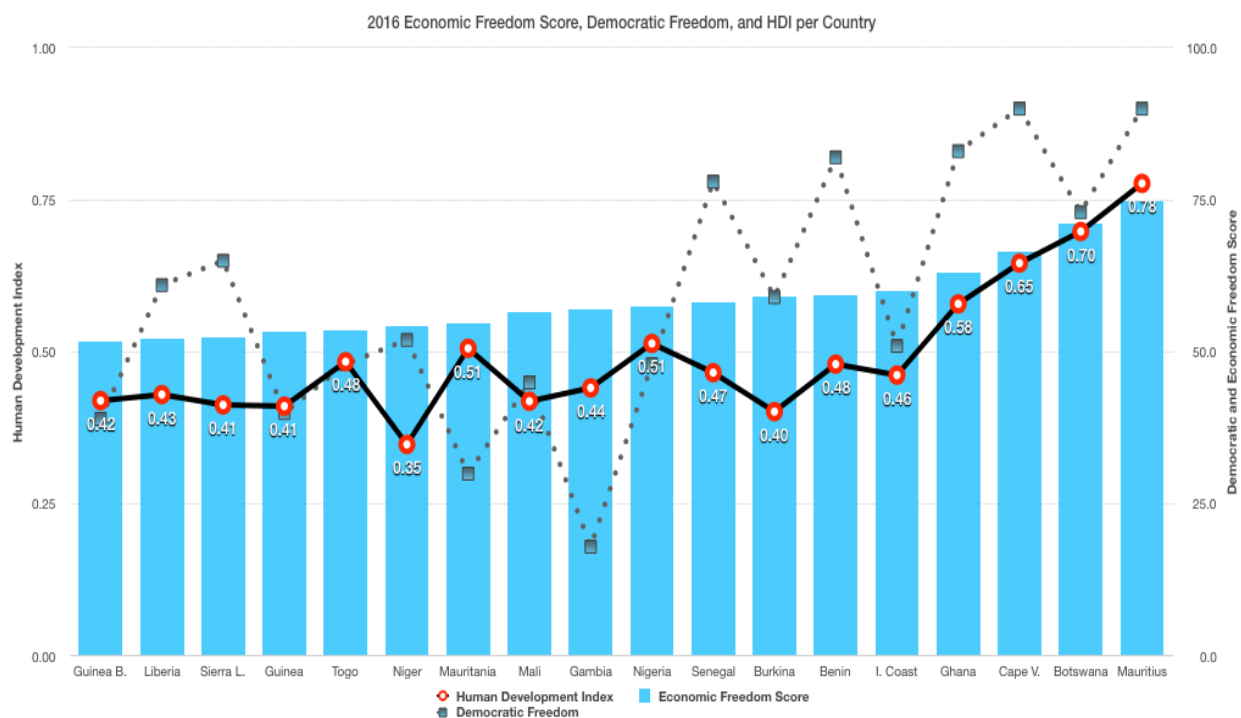


Figure 2

According to the Heritage Foundation's 2016 Index of Economic Freedom, challenges impeding economic freedom in Africa could be summed up in four main categories (see Appendix A):

- Rule of Law: 15 out of 16 West African countries score at or below average regarding property rights and corruption

- **Government Size:** West African countries seem to perform moderately well in this category, although some improvements are needed.
- **Regulatory Efficiency:** Business and labor freedom are the main areas in which West African countries performed poorly.

This category is particularly alarming, considering the lack of economic diversity and the high level of unemployment in the region—30% and 20% in Gambian and Nigeria respectively (African development Bank, 2011). Freedom to do business allows entrepreneurship to flourish, thereby leading to job creation and the diversification of the economy.

- **Market Freedom:** the main challenges in this category include financial and investment freedom. All but one West African country performs well in terms of investment freedom, whereas they all performed poorly with regards to financial freedom.

7. Adam Smith

The message of Smith (1776) is as valid in the modern era as it was in the 18th century, when this father of economics wrote that important book of his. And it is as relevant to the Scotland he mainly then had in mind, as it is to the Africa which is the focus of the present paper. The more reliance of profits, free enterprise, entrepreneurship, laissez faire capitalism and the rule of law there is, the better the economic prospects of the economy, Scotland then, or Africa now. Why is this the case? There are several reasons. If businessmen do not satisfy customers, employees, suppliers, in an era of no bailouts, no “too big to fail” they must go bankrupt. Their capital flows to others, who may or may not be better shepherds of the capital entrusted to them, but, if not, they too will have to yield this wealth to others who may do better. In sharp contrast, when government enters the market as a player, if it fails to promote the wealth of its constituents, there is no automatic mechanism that forces them to step aside. Then, too, as Mises (1949) never tired of emphasizing, if the state owns a disproportionate amount of the resources of an economy, rational economic planning is impossible. For, without prices based on scarcity, there can be no knowledge of alternative costs. Should the railroad tracks be made of steel or platinum? Which is more efficient? To dig a tunnel through the mountain for the trains, or go around this natural obstacle? To transport by train, plane, ship, truck? Which is the efficient answer? It all depends upon profit and loss, which are banned from such a system.

8. Conclusion

Foreign aid and central planning have been at the center of African economic policies post independence; most governments in those countries heavily politicized economic life. Through five year plans based on the Soviet system, they implemented ambitious economic policies that, in their view, would not only reduce poverty, and build an egalitarian society, but also achieve economic development. These policies led to a disastrous state of poverty that was worse than during the colonial era; the solution offered by mainstream economists at the time (Lewis, 1954; Myrdal, 1971) contributed to further impoverish these countries. These policies ensured these countries would remain poor for a very long time. One of the early opponents of dirigisme and a fervent advocate of the free market system, Peter Bauer now seems to have been vindicated by recent studies that have concluded that: (1) Foreign aid has not been successful in weeding out poverty in Africa, and (2) that countries with more economic

freedom tend to experience greater economic growth than those with less economic freedom (Gwartney et al, 1996). Consequently, recent changes in economic policies in Africa which favor capitalism show a glimpse of hope for the continent as a whole (Moyo, 2009, p. 3), and for West Africa in particular: economic freedom is positively correlated with high marks on the Human Development index. So it could be argued that promoting free market ideals in West Africa would most likely lead to improvement in the standard of living and quality of life in that region.

Appendix: A

Table 1: 2016 Economic and Democratic Freedom vs. HDI* scores of West African countries + (Botswana and Mauritius)**

Country Name	Rule of law (0-100)		Government Size (0-100)		Regulatory Efficiency (0-100)			Open Market (0-100)			Economic Freedom (0-100)	Human Development Index (0-1)	Democratic Freedom (0-100)	Unemployment (0-100)t
	Property Right	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom				
Mauritius	60	54	92	81.5	77.5	65	78.7	88.6	80	70	74.7	0.78	90	
Botswana	70	63	79.1	68.4	66.4	68.5	76.3	84	65	70	71.1	0.70	73	
Cape Verde	75	57	78.1	66.9	61.3	43.6	84.5	68.2	70	60	66.5	0.65	90	7.6
Ghana	50	48	84.9	77	61.5	56.5	66.5	65	60	60	63	0.58	83	
Ivory Coast	30	32	78.3	85.4	62.2	46.9	73.5	71.8	70	50	60	0.46	51	
Benin	30	39	68.1	84.9	51.3	53.8	82.2	58.8	75	50	59.3	0.48	82	
Burkina	30	38	82.8	76.8	46.3	58.9	84.9	68.2	65	40	59.1	0.40	59	
Senegal	40	43	71.6	76.1	49.1	42.4	84.9	73.8	60	40	58.1	0.47	78	
Nigeria	30	27	85	94.6	48.7	72.9	71.5	64.8	40	40	57.5	0.51	48	
Gambia	25	29	75.5	78	53.4	65.8	64.7	65	65	50	57.1	0.44	18	7
Mali	25	32	70.3	82.8	46.3	50.8	83	70.2	65	40	56.5	0.42	45	
Mauritania	25	30	81.6	75.3	48.7	50.7	77.7	69	50	40	54.8	0.51	30	
Niger	30	35	76.3	76.8	39.6	42.3	83	64.6	55	40	54.3	0.35	52	
Togo	30	29	68.7	80.4	51.4	46.2	79.5	71.2	50	30	53.6	0.48	48	
Guinea	20	25	68.5	81.2	51.4	71.8	69.2	61.2	45	40	53.3	0.41	40	
Sierra L.	10	31	81.2	92.6	49.9	43.2	70.8	69.4	55	20	52.3	0.41	65	
Liberia	25	37	83.8	67.7	55.1	44.5	71	72.8	45	20	52.2	0.43	61	
Guinea B.	20	19	89.3	94.1	36.7	61.1	78.5	59.4	30	30	51.8	0.42	39	

**Botswana and Mauritius are in Southern Africa.
HDI = Human Development Index

Red: 0-49;
Yellow: 50-74
Green: > 75

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