Diverging Paths: Explanations and Implications

David Henley & Jan Kees van Donge

Fifty years ago when the colonial empires ended, most of the globe, including the Asian as well as the African tropics, was inhabited by rural peasantries facing very low living standards and poor health. Since then the tropical world, the South, has unexpectedly bifurcated into two sets of countries: one set with export-oriented manufacturing industries and productive, commercialized agricultural sectors, and another set in which the old agrarian economic structure has still hardly changed. While the former have experienced vast improvements in living standards, many of the latter are still as poor as they were fifty years ago. The reasons for this great divergence are not fully understood, and they are of obvious importance to everyone concerned with development and development cooperation today. The two regions of the world which most clearly exemplify the diverging paths to prosperity and poverty are Southeast Asia and Sub-Saharan Africa.

In Southeast Asia the 1960s, 1970s, and 1980s saw sustained and accelerating economic growth. By the 1990s, only Burma among the major countries of the region was still missing out on what was acclaimed as an Asian development miracle (World Bank, 1993). Although the financial crisis of 1997–1998 revealed vulnerabilities in Southeast Asia’s economies, it only very briefly halted their expansion. In Africa, by contrast, such dynamism remained absent. By the early 1990s even those few African countries where security and policy conditions had long been considered promising, such as Kenya and Côte d’Ivoire, were falling into the continental pattern of instability and stagnation. Scholars identified a negative ‘African Dummy’ as a statistical predictor of comparative economic performance
(Barro, 1991) and counterposed an African ‘growth tragedy’ to the Asian miracle (Easterly & Levine, 1995).

Since the mid-1990s there has been sustained growth in national incomes in Africa due to improved macroeconomic policies and increased world demand for minerals, coffee, cotton, and other primary products. But by most accounts, there is little sign yet of this aggregate growth translating into rapid poverty reduction. If poverty is still present among marginal and dispossessed groups in Southeast Asia, in Africa it is still the norm. And whereas the bulk of Southeast Asian exports now consists of manufactured goods, Africa still manufactures almost nothing which the rest of the world wants to buy. Southeast Asia, to complete the irony, has outstripped Africa even in the export of traditional African agricultural products like palm oil, coffee, and cocoa.

In terms of macroeconomic indicators, this divergence is a surprisingly recent one. As late as 1980, average income levels in Africa and Southeast Asia were still similar. Historically, both regions formed part of the world’s economic periphery, exporting forest products (spices, ivory) and, later, commercial tree crops, and importing manufactures. At the local level, their economies were subsistence-oriented and their societies organized on a peasant or tribal basis, often without educational or business institutions of indigenous origin. Commerce, in both regions, was associated with trade-specialized ethnic minorities. Over large parts of Southeast Asia as well as most of Africa, indigenous state formation was limited prior to colonial intervention. In the middle of the twentieth century, both regions were still substantially under European rule. Climate and soil conditions in both regions are generally problematic for arable farming, and people and livestock are subject to similar health problems.

These historical and geographical similarities, together with the fact that since the 1960s both regions have been characterized by corruption and a notorious lack of ‘good governance’, make the comparison of Southeast Asia with Sub-Saharan Africa a sharp tool for the analysis of development issues. Insofar as the research on which this book is based has precedents, they have most often involved the comparison of Africa with economically successful Asian countries in general, including Taiwan, South Korea, and even Japan (Lindauer & Roemer, 1994; Stein, 1995; Lawrence & Thirtle, 2001; Nissanke & Aryeetey, 2003). But Northeast Asia, by almost any measure, was already much more different from Africa fifty years ago than was Southeast Asia: better governed, more educated, more industrialized (Booth, 1999; 2007). In analytical terms, then, selecting