Ostrom Society

~ Africa ~

Oil Dependency: Assessing the Impact on Nigeria's Economic Stability

~ Dami Amure

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Editor’s Review

The Ostrom Society chose the theme “Africa” as both the leaders' recent trips to the continent reminded us that the continent has far more to offer economically than we may have previously presumed. However, with the A-level syllabus fixated on Western affairs, we thought that this topic would provide a great opportunity to broaden the coverage of our economic knowledge. Furthermore, the topic is a timely one due to the ongoing growing geo-political concerns within the continent. Over the past month or so alone, we have seen rising political tensions in the horn of Africa between Ethiopia and neighbouring Somalia, as Ethiopia's president, Sahle-Work Zewde, settled a deal with Somaliland, granting Ethiopia access to warm-water ports on the Red Sea, vital for sustained growth. In addition, with newly elected president William Ruto's regime contradicting his vow to tame the country's appetite for loans, Kenya continues to accumulate debt, having been approved for over $1.4 billion, expecting another $1billion from China shortly. Finally, in the past week inhumane sanctions on West African nations has resulted in the departure of Mali, Burkina Faso and Niger from the trade bloc, ECOWAS. In the following publication we are delighted to host a variety of essay with topics ranging from sector dependency to unemployment and International Relations. We hope you enjoy!

Your Ostrom leaders,

Ellie and Lenny

The first piece is a fascinating interview transcript sent in by Rupert Sneath, LXX. Below is some contextual information regarding the interview:

“For my video project on West Africa's economic and political reliance on France I interviewed Dr Rahmane Idrissa from the African Studies Centre of Leiden University in the Netherlands. I asked him primarily about the African Financial Community (CFA) that was imposed by France during decolonisation. The currency is pegged to France's, currently the Euro, and provides France with certain neocolonial powers that seem to damage the economies of the former French colonies. However, the currency is very stabilising for these African nations, and therefore there are many mixed opinions on the topic. I decided to interview Dr Idrissa in order to get an expert's opinion on the subject matter.”

Dr Rahmane Idrissa Interview Transcript

What degree of sovereignty do you believe CFA countries have?

The CFA is just a currency, right? It's a (?) currency system, so the sovereignty of a country is not just defined by the currency there are other elements and other factors. The thing about this currency is it is backed to the euro. It used to be backed to the French Franc, now it is backed to the euro and therefore the monetary policy that governs it is decided in Frankfurt. So that's one limitation which you can see in regard to sovereignty, in the sense that central bank of the West African CFA and the Central African CFA, because there are two CFA francs and two central banks, do not have full monetary policy authority. But this is not something unique, it happens whenever you back your currency to a stronger currency for whatever reason. In this case it can be seen as a problem because of its colonial origins. I think that's why you are having this discussion. The CFA could have been backed to the dollar, and no-one would have thought of it… Well, you could also criticise if you instead just want a currency like Nigeria has, or Ghana, or Guinea. But those countries can move out the system if they want.

What about President Sylvanus Olympia of Togo who was assassinated in 1962 at the same time he tried to leave the CFA?

I don't think he was assassinated because he wanted to leave the CFA, I don't know where you have got that information. I think it was just a coup d'état by Eyadéma, and actually Eyadéma preferred the French to reform the CFA in 1969, so I don't think it's actually linked to the CFA issue.

Would you say the CFA is beneficial to these countries, or detrimental? In the UK there is very little information to be found on this region, and nearly all of it is saying how detrimental the CFA is. Would you disagree with that?

No, of course, any mechanism has its good and bad sides right, and there is a reason that these countries don't want to leave it, even Sankara who was the most pro-sovereign (I don't know the word in English) of West African leaders never contemplated leaving the CFA. Ghana, which is out of the CFA, actually wanted to join the CFA by the end of the 1990s when the CFA was moved from the French franc to the euro and you also have former Portuguese colonies like Guinea-Bissau who joined the CFA and former Spanish colony equatorial Guinea who also joined the CFA, so they're doing it for a reason, and the main reason is stability, because it is backed to the euro the value does not vary a lot like the currency of Nigeria, the Naira. Basically, the value is determined by the price of crude oil and right now, for instance, the currency is in freefall with the trouble with the oil price in the international market and so you have this effect where it rises and falls in accordance with the commodity prices because these are not very strong economies, so the currency is not backed by a strong economic structure or strong economic fundamentals. Mostly it is commodities, and in the case of Nigeria that is very problematic because it is really hard to make provisions if your currency is so unstable. Which is not the case with the CFA countries which is one of the main reasons why they like it. Of course, the bad part of it is that this stability makes a stronger currency than the economies of the countries are, and so there is a tendency to import because you have this strong-ish currency so there is too much imported, and it can disincentivise investment in an export-based economy. But that is also different through the countries because these countries are not the same they do not have the same economic size. Cote D'ivoire I think is 40 or even 45% percent of the economy of all those countries together, at least the West African ones. So, the effect of the currency in Cote D'ivoire is very different to what it is in my country of Niger which is one of the bottom countries in this system.

On the topic of the Sahel, in the UK the news we see is the fact the UK has pulled out their troops from Mali, France has pulled out their troops, the US has and the Wagner Group, Russia's *mercenaries are taking their place. In this country it's a big concern that Russia may be flooding into Africa and taking over the Sahel and other regions through military aid. Do you think Russia is a threat to the region or do you think it is a positive? Obviously, there is a lot of support for Russia, in Mali you can see videos of people parading and supporting them in objection to France.*

Yes, this is complicated because the support for Russia comes from emotions. It doesn't really come from rationality from my point of view. It comes from emotions of anger towards France. So it's a way to own the French, more than a way to actually think about what your real interests are. France did maintain a kind of neo-colonial structure in sub-Saharan Africa for many years after independence. But this has actually tended to decline in the 1990s, especially after the Rwandan genocide as France was kind of involved with that, and I think from that point on, France really changed the way it looked at its Africa policy. It has changed a lot, but today people still see France as this neo-colonial power of the past and the ironic thing is that they did not actually fight this neo-colonialism when it was really there, when it was really bad and really active. Now, this neo-colonialism is retreating, and yet they now feel angry about it. Sometimes it happens, people become conscious of history after the fact, and this is what is happening now. They are very angry, and they feel that since Russia and China - but China does not have the same type of policy as Russia – these big powers that are not western that are not French therefore one can follow them and maybe that's a way to become independent from France.

So that's the kind of thinking, and I think it got to you because your question would make sense if it was posed by one of those people the way they see things. But I think it is a mistake because Russia does not have a very well thought out Africa policy. Russia is a small-size economy, and they cannot invest a lot in what would develop African countries. They don't give a lot of aid, actually they don't give any aid. This intervention is not a direct Russian state intervention, it is a private company that of course we all know is linked to Putin's regime. I wouldn't say it is tied to the Russian state, but it is tied to Putin's regime, but it is a private enterprise. Actually, sometimes they are called mercenary… in French mer-entrepeneur. Basically businessmen/mercenaries because they try to take control of some of the assets of the countries in which they intervene. And the way they do things, particularly going back to the (Drac plunder??) of African resources and assets that used to happen in the early colonial period. France doesn't actually invest a lot in Mali, it does not have a lot of economic interests in Mali or Burkina. In its former African colonies, the 2-3 countries where France had most of its economic investments are Cote D'Ivoire, Senegal, Cameroon and perhaps Gabon. France invests more on non-French colonies like Nigeria, Nigeria actually, France actually invests more in Nigeria than the whole of francophone West Africa. More in places like Uganda, total (company I think?) is building pipelines in Uganda to explore the biggest oil deposits found recently in sub-Saharan Africa or in Mozambique or places like that. So really it is, not a lot in Mali or the Sahel because these are very poor countries. In fact, it's precisely because France is neglecting those places. If you look at the places where Wagner is really important, its mainly the most marginal post-colonies, Central African Republic, Mali, Burkina Faso,

And Sudan

Yes, yes Sudan. They cannot get into Niger because the Nigeren government does not want them. But that is the only reason.

What's interesting is that the media that I receive in the UK speaks very differently to what you say and it's interesting how different it is. When you are working in the Netherlands or working in Dubai do you feel that news from this region is a) underreported and b) reported from a very Western/Arabian perspective?

Yes, that is a reality, it is underreported, and when it is reported its focus is on scary things. In Dubai I don't really follow the news, I don't think I have ever read any Emirati newspapers, there must be some but they're probably in Arabic and I don't read Arabic. In the Netherlands I think they are interested in the Sahel because of the security crisis and not much else. I remember that I was shocked, I was in the US at that time when the Burkina rose up against Blaise Compaoré In 2014, October 2014 and they toppled him. Which to me was major news, because this is one of the rare times when it is the people actually getting rid of a dictator instead of the army doing a coup, and that was never reported in American media. It probably wasn't shown in the UK too. If it had been a military coup, it would have been reported, so there is a bad bias there. And also, if you do not report these kinds of events and you don't really understand what a country is going through you don't even know how to help them because oftentimes it is only the negative things that gets reported, but I'm sure you know all of this.

A lot of leaders say that the African continent as a whole is something that needs to be honed in on and focused on, even Giorgia Meloni the new Italian leader, despite being far right, still believes that solutions to things like the migrant crisis can be found in investing in the development of Africa. For example, Niger is going to triple or quadruple – I can't remember the statistic – in population by 2050, do you think that Europe will continue to have this presence in sub-Saharan Africa, or will China/Russia take that place, or do you think Africa will be able to thrive by itself, particularly West Africa?

I don't think Russia would do anything there, the economic strength of Russia is too small to have an impact. China for sure will drive many things in Africa in the future. Europe, if Europe wants because Europe is close by, and there are many ties with Europe, even the language. Europe and the West have this soft power in Africa that they're not really aware of and they're not trying to cultivate. It is this aspiration of many people in Africa of having democratic regimes and they see the West as a leader in terms of building democracies. But in the West ironically, they don't believe that democracy can work in Africa, so they are not doing anything about this potential soft power that they have in Africa. Will Africa be able to thrive by itself? That would be ideal, the only way in which Africa can do this is if it is organised enough. The problem of Africa is disorganisation, its disorder. Because it is very rich in terms of resources, very rich in terms of human potential and its going to be a very very big market, but without organisation, political organisation, this can lead to chaos. So that's the challenge in Africa in the future.

Rupert Sneath, XX

Oil Dependency: Assessing the Impact on Nigeria's Economic Stability

Nigeria, often referred to as the "Giant of Africa," boasts the continent's largest population and economy. To help manage this large economy, oil has come into play countless times.
The oil industry plays a key role in Nigeria's economy and has helped shape its path ever since its discovery back in the early 1950s. While oil has brought wealth and countless opportunities to Nigeria, it has also generated a massive dependency that poses multiple challenges to the country's economic stability. This essay will assess how relying on oil impacts Nigeria's economic stability. It will also explore its effects on different sectors, the nation's vulnerability to changes in oil prices and the socio-economic consequences of overreliance on oil.

Advantages and Disadvantages

Nigeria's oil has undeniably brought innumerable advantages to Nigeria's Economy. This list consists of economic growth, revenue generation and international trade. The oil boom in Nigeria has propelled Nigeria to become Africa's largest economy, thus creating countless jobs, which contributed to its overall GDP growth, hence its economic growth. Revenue generation has come about as a result of Nigeria's economy being fuelled by oil exportation, which has generated a large amount of foreign exchange. This revenue enables Nigeria to invest in infrastructure development as well as its social programs. International trade in Nigeria is facilitated by its oil exportation. This oil exportation attracts foreign investment which helps integrate Nigeria into the global market.

Despite all these positives, Nigeria's overreliance on oil has brought numerous negatives. One main disadvantage that proved Nigeria's overreliance on oil is known as the "Dutch disease". The Dutch disease is an economic term that describes a situation when a sudden economic boom in a specific sector, often leads to negligence in many of its other sectors, leading to an overall decline in other sectors of the Economy. The origin of the name comes from the Netherlands after it experienced this exact phenomenon in the 1960s after it had discovered its abundance in natural gas. Another negative of Nigeria's oil dependence is Economic instability. As a result of oil prices being volatile, Nigeria is often exposed to vulnerabilities as prices decrease, especially from sudden drops. These decreases lead to less revenue which, in extreme cases, may lead to an economic crisis. Corruption and mismanagement are other examples of negatives from Nigeria's overreliance on oil. Since the oil sector in Nigeria is heavily corrupt, its overreliance on this particular sector grants the power for it to plunge the economy into disarray.

Nigeria's Oil and Gas contributions towards its GDP come to a large total of approximately 8.5%. This is almost 4 times the percentage of an average country's 2.69% contribution. Figure 1 below illustrates the top 4 contributors to Nigeria's GDP.

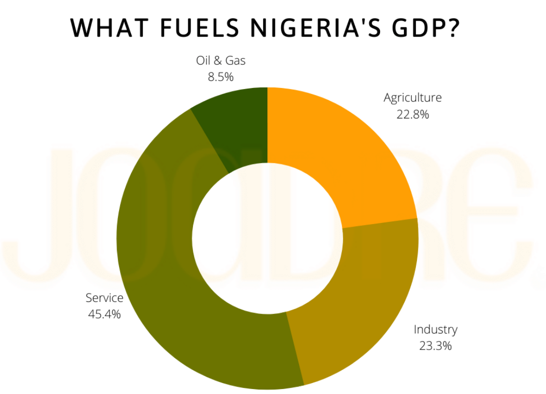

Figure 1: (Source Joadre.com)

Impact on Economic Growth and its Stability

Nigeria's economy is heavily reliant on oil, with its petroleum exports accounting for large portions of its revenue and foreign exchange earnings, as mentioned above. This heavy dependence has led to what seems like a direct correlation between the growth of the economy and oil prices. When prices are high, public and private spending stimulates growth across a plethora of industries in Nigeria. However, when low, it opens up Nigeria's vulnerability to trade shocks. An example of Nigeria experiencing a great shock was in the early 1980s. After a great drop in oil prices, export earnings became insignificant. This led to reckless borrowing of money and resulted in high inflation. More recently, an example of positive economic growth from rising oil prices is from 2000 to 2014. Between these years, Nigeria's economy had grown by an impressive 7%, to no surprise, it was in direct correlation with rising oil prices. Once more in mid-2014, Nigeria's GDP collapsed along with the global oil market slump, bottoming out at -1.6% in 2016 before a stable recovery took place. Overall, it is more than fair to deduce that extreme oil price volatility has contributed to higher erratic growth patterns that undermine Nigeria's long-run development.

Employment Impact

In addition to suppressing GDP growth rates, unstable oil earnings growth has limited Nigeria's ability to create jobs, raise its living standards and reduce poverty. With Nigeria's unemployment rate being 4.2%, and the population increasing at a higher speed than any other country in Africa, it is no surprise that this unemployment rate has steadily been increasing over the years; with its peak being throughout the Covid-19 period. The limited reach of the oil industry means most Nigerians are engaged in small-scale agriculture or the informal economy with no social safety net protections. Spurts of oil-financed projects and spending tend to provide a temporary boost to job growth. However, the decrease in activity, resulting from reduced oil earnings, has rippling effects on employment and wages in downstream industries. In combination with high population growth, the fluctuation capacity of the economy to create jobs keeps unemployment high regardless of whether oil prices happen to be up or down. So, while oil stimulates macroeconomic expansion, it has failed to foster broad-based, sustainable improvements to Nigeria's living standards.

Impact on Government Expenditure

The volatile link between oil and Nigeria's stability is most visible in the government budget. Oil and gas receipts make up approximately 50-70% of Government revenue and over 90% of foreign exchange earnings. As a result, the rise and fall of oil revenue surges and shortfalls the government in overall spending power each year. Oil booms saw lavish budgets with surpluses to spare while oil busts forced extreme spending cuts, even on critical capital investments needed to diversify the economy away from oil. Certain fiscal policies in Nigeria also tend to amplify the macroeconomic instability in Nigeria as politicians struggle to smoothly govern spending over the oil cycle. As a trend, oil-rich governments were prone to overspend when prices were high only to cut wages. Other fiscal policies, that saved more oil and supported budgets during bust years, were, and are still, undermined by political incentives to spend. Consequently, government expenditure has been nearly as volatile as oil prices themselves to the detriment of Nigeria's stability and growth.

Exchange rate Impact

Nigeria's heavy reliance on imports for most manufactured goods and capital equipment intensifies the demand for foreign exchange, earned from oil exports. Meanwhile, little else is exported besides crude oil. Whenever global oil prices decline, Nigeria's supply of dollars constricts just as domestic prices, and the broader cost of living throughout the country rise with a weaker naira. Significant devaluations of 30% or more have frequently accompanied periods of low prices as Nigeria struggles to defend its exchange rate. In the mid-1980s, Nigeria's desperate defence of overvalued exchange rates was the primary motivation behind Nigeria's accumulation of $30 billion in external debt. Although since then, the exchange rate management has improved, oil price fluctuations still lead to corresponding fluctuations in the Nation's foreign reserves, currency value, and ultimately, inflation and external balances.

Impact of Inflation

Inflationary pressure has mirrored the cycles of oil booms and busts as the revenue from oil influences domestic prices and the exchange rate. Rising global oil prices redistribute income to Nigeria by appreciating the real exchange rate, which allows higher wages and cheaper imports.
Excessive demand quickly generates demand-pull inflation, which results in increasing consumer prices. Conversely, falling oil revenue leads to exchange rate depreciation and higher input costs for domestic production. While Nigeria has at times run loose monetary policies that have previously added fuel to inflation after oil booms, much of its inflationary impact has been an unavoidable consequence of oil dependence. Consumer price inflation peaked at over 70% in the mid-1990s when oil earnings plummeted just as it reached 18% during the oil crash starting in late 2014. Outside of temporary boosts to real incomes during an oil boom, Nigeria's dependence on oil exports has endured struggles with taming inflationary pressures to the detriment of living standards.

Socio-economic Consequences

Despite its vast oil wealth, Nigeria continues to grapple with widespread poverty and stark income inequality. An estimated 40% of the population is well below the country's poverty line. This concentration of oil revenue in the hands of a privileged worsens income and social disparities between oil-producing areas and the rest of the country. This unequal distribution of oil wealth severely limits any potential poverty escapes as well it helps fuel grievances among low-class communities. Grievances over unequal resource allocation and oil revenue sharing have frequently boiled over into protests, civil unrest and countless violent conflicts. Competition for access to oil sites has been a major driver of regional and ethnic tensions in locations such as the Niger Delta. Clashes over environmental and land rights issues continue to disrupt oil production, while militant groups like MEND have attacked infrastructure as a means of seeking greater regional autonomy and resource control. The volatility of the oil markets hinders long-term development planning and investment in health, education and social services – critical elements of human capital development. Successive governments struggle to maintain investment in basic public services amid fluctuating budgets. As a result, Nigeria continues to lag on key human development indicators like healthcare access education quality, and even women's empowerment. The lack of economic opportunities outside the oil sector also further worsens high youth employment. Combined with poverty and inequality, these development gaps contribute to social tensions and instability. Breaking the oil dependency cycle is key to fostering sustainable human capital development in Nigeria.

Conclusion

To conclude, Nigeria's overwhelming dependence on oil exports has been a major impediment to attaining sustainable economic stability and inclusive development. Oil price volatility has contributed to highly unpredictable growth patterns, budget deficits and surpluses, booms and busts in government expenditure, severe inflationary pressures and repeated exchange rate crises over the decades. While oil stimulated periods of impressive GDP growth, the lack of economic diversification and an overreliance on a single export commodity has amplified Nigeria's vulnerability to external shocks, disrupted sound policymaking and planning, and concentrated wealth in the hands of few.

To escape this volatile oil cycle, it would require consistent investments in infrastructure, monetary reforms, education, healthcare and of course, the help of the Nigerian people themselves.
As oil supremacy eventually declines, Nigeria may be forced to finally tackle its excessive oil dependency before it is too late.

Dami Amure – LXX

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<u>A deep dive into the causes and impacts of economic disparities in the Democratic Republic of Congo and prospects for balanced development</u>

The Democratic Republic of Congo (DRC) is a country situated in the centre of Africa. Because the nation is endowed with vast natural resources, including minerals, fertile land, and acres of forest, the DRC has the potential to be an economic powerhouse. However, within the nation lies a complex handful of economic disparities that have had huge effects on the nation's progress towards sustainable and balanced development. In this essay, I aim to delve into the complex nature of economic inequalities within the DRC. Moreover, by exploring the historical factors, and looking at how these disparities have appeared, I aim to display an abundance of insightful economic information. By studying the details of the economic differences in the DRC, I aim to portray promoting long-term growth and balanced development. In a country with a rich supply of natural resources, economic growth has been complicated, given issues such as local conflicts, political instability, and global economic change.

The Democratic Republic of Congo ranks among the world's five poorest nations. In 2022, almost 62% of its population, approximately 60 million people, survived on less than $2.15 a day. Notably, one out of every six individuals face extreme poverty. This is partially due to a sense of geographical immobility where people have family ties to an area or simply and most likely in the DRC, are unable to move to foreign land because of the transition costs in new areas. Whilst the extremity of social inequality is largely a contributing factor to the causes of economic disparities, the political context of the DRC is one that not many countries globally could compare to. The DRC has been an independent nation for 62 years, yet it did not experience its first peaceful transition of political power until January 2019. This occurred when power was handed over to Félix Antoine Tshisekedi Tshilombo, who won the December 2018 presidential election and succeeded Joseph Kabila, who had previously led the country for 18 years. Whilst Joseph Kabila was in power, his actions caused majorly high levels of poverty in the DRC, which had further effects on increasing rates of unemployment. Political interests have taken precedence over crucial socio-economic matters such as the failure of the National Conference and have therefore hindered the country’s development. In addition to the political corruption, the DRC prepared for the general elections which were set for late 2023. However, there was growing concerns over the worsening of the national security situation in the North Kivu and the Ituri areas of the DRC. The increasing amounts of conflicts between the army and various armed groups triggered mass displacements, adding to the existing challenges within the country.

The economic disparities in the DRC have largely been caused by conflict and lack of investment. In the last few years, the government of the DRC had inflicted itself with high poverty rates, very low access to basic services and one of the largest infrastructure gaps in the world. After the DRC had hit a high of real GDP at 8.9% in 2022, the real GDP growth in the DRC is expected to reach 7.3% in 2024. The mining sector (part of the primary sector) continues to be the main force of GDP; because of the fertile land and access to an abundance of natural resources, the mining and agricultural industry are heavily relied upon. With the growth in non-mining sectors (particularly services) increasing to 4.2% in 2023, from 2.7% in 2022, the mining output is projected to slow to 11.7% in 2024 (from 22.6% in 2022). This is due to the automation of industrial-scale mines that extract Cobalt and Copper for rechargeable batteries. Consequently, due to increase in technological advancements, citizens and employees have been forced out or evicted from their jobs, despite mining being the largest employer and most common occupation in the DRC. As a result of the increasing the rate of unemployment and consequential increase in poverty, the Congolese people have experienced intense physical abuse and violence which further grew the social disparities within the nation.

Despite the difficulties to the economy of the DRC, the government have used policies that have helped balance out its level inflation and stabilise the exchange rate. The prices of raw materials have caused an increase in the price level of exports for business. The conflict in Ukraine however has led to an increase in the nations inflation and has raised food insecurity risks. Despite this, the overall view and potential of the economy in the primary sector remains positive with support from stronger commodity prices. Due to the stronger commodity prices, the economy will be able to generate higher profit margins in the primary sector through the increased price level of international exports.

After research in this topic, it strikes me that changes in the form of government policies are desperately needed to change and diversify the economy and to promote higher and more inclusive growth. Other measures to encourage growth would be to simplify the 'tax system, broaden the tax base, and strengthen tax collection for those above the minimum wage bracket. Other ideas could include improving public financial management such as implementing a single treasury account and phasing out untargeted fuel subsidies could also be needed. If the DRC was able to continue its efforts to improve governance and the business climate, it would significantly support private sector development.

Balanced development also refers to the improvement in the services, infrastructure, environment, democratic and social norms. With the government targeting high employment in the primary sector where the availability and quantity for goods are at their highest, there has been a significant lack in education, thus creating a larger divide between high and low skilled workers. With only 16.8% of women having completed secondary school in the DRC (about half of the rate of completion for men), it has caused extreme costs to the development of the nation. Despite this, with significant plans and ambition to develop economically, access to education has improved considerably over the past two decades, especially for girls and at earlier ages. Between 2000 and 2017, primary net enrolment increased by 50%, from 52% to 78%. However, the completion rate at the primary level remains low at 75% for men and woman. The quality of education is extremely poor with an estimated 97% of 10-year-olds in DRC being in 'learning poverty', meaning they are illiterate and understand simple text. This clearly poses enormous challenges for future balanced development within the nation.

Other signs of social inequality, which has therefore affected balanced development, is shown through the participation and involvement of women in the DRC's overall labour force. The rate of female employment is estimated at almost 62%, most of whom work in agriculture. Whilst participation is relatively high, women are being significantly underpaid in comparison to men, therefore meaning they also own fewer assets. The world bank, in context of the DRC says - 'A 2021 DRC Gender Diagnostic Report identifies three major factors contributing to persistent and significant gender gaps: control over land, voice and agency, and risk and uncertainty including vulnerability to shocks and GBV'. The Democratic Republic of Congo created a national development strategy plan (2019-2023), where they created aims to abolish poverty and continue to grow and develop. This strategic plan was structured around five main points that together, address the challenges and costs to their economy during that period of time. Firstly, is the focus on human capital development. This involved areas such as education, healthcare, and social advancement, as the main components to grow the Congolese population. The plan also suggests that the government would try and focus on environmental protection, climate change, and sustainable development. This proves a reliable approach to the growth of the economy in the DRC.

Conclusion

To summarise, the Democratic Republic of Congo (DRC) has many economic disparities. These disparities have been mainly caused by historical events, political instability, and economic shifts as the global economy has developed. Challenges, including political power struggles, national security issues, and conflicts, have had significant effects on how the economy has been able to develop over the last couple of decades. The economic disparities, caused by conflicts and investment patterns, illustrate the desperate needs to ensure that the DRC's economy is able to bounce back and have greater influence on the global economy. Despite the issues and costs along the way, the DRC has created policies that will balance their future development such as moderating inflation. In order for the DRC to succeed in terms of their balanced development policies, the changes focusing on education, gender equality, and shifting employment evenly between sectors should mean that the DRC is able to develop. If the DRC is able commit to its strategies, there should be signs of success in achieving sustainable and balanced growth in the future. The DRC's vast and varied mineral resources, rainforests and peatlands are key to the global energy transition and, with policy ideas and plans that the government has put into place, the DRC should be able to raise growth and living standards for its population whilst developing sustainably.

Albert Cornell, LXX

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Introduction and Background

-In recent years, education has remained a primary focus of investment in Africa to help it achieve its full potential of development. It is readily comprehensible that the level of education received determines this generation's ability to innovate and appliance of new skills that contribute to economic growth in the future. Due to the long-term impacts of external factors like war, genocide, famine, and land availability, the sub-Saharan area suffered from unsustainable education systems. Access to quality education has also not been guaranteed, with UNESCO statistic reporting that of all regions, sub-Saharan Africa has the highest rates of education exclusion. Educational support resources including professional teachers and machine technologies were not introduced. Areas of education transforming such as technical and vocational education and training sub-sector require more investment, so do ICT&WASH infrastructure, school facilities, and the creation of reasonable systems of education.

Restrictions and Challenges

To plan for the future prospects of Africa's education, it is necessary to have a comprehensive understanding of the past and present situation. Restrictions of all aspects from administration to location of the continent remained challenging for education development. 13 significant barriers to education were listed out by UNICEF, including fees, opportunity cost, health, distance, poor quality content and processes, and lack of requirement and awareness. It is pointed out that areas like Africa face potential droughts and conflicts that result in unstable economies with the burden of providing accessible and quality services for water, electricity, and transportation, while governments also take responsibility of providing teacher training and nationwide curriculums. Meanwhile, education provision is not prioritized and placed with full attention, not receiving the total support that it needs for development. Effective investments will contribute to security, stability, and community well-being. New opportunities in both emerging and developed market economies. There is an estimation that the Education Commission proposes that getting all children learning will require total spending on education to rise steadily from $1.2 trillion per year today to $3 trillion by 2030 (in constant prices).

Severe poverty has been a tag for Africa for decades with wealth inequality and gender inequality being the biggest barriers to ending extreme poverty. It was believed that despite changes in law and policy, women still aren't fully represented in higher education in Kenya and South Africa over the years. Across the region, 9 million girls between the ages of about 6 and 11 will never go to school at all, compared to 6 million boys, according to UIS data. Their disadvantage starts early: 23% of girls are out of primary school compared to 19% of boys. This failure of the education sector to harness and develop women's talents curtails their ability to contribute meaningfully to society. (*Beatrice Akala, Global Citizen).* The causes were reported to be structural barriers like discriminatory laws and practices, with deficits in legal frameworks that allowed biased views and opinions about gender to emerge and spread within the society, then turn into unequal treats and gender-based violence.

Access to quality education can not exist without a sufficient supply of educated and experienced teachers, or a leading and unified education system. Right now, African countries are facing the world's worst teacher shortage. To shore up the deficit and achieve universal primary education by 2030, UNESCO says the continent has to recruit at least 15 million teachers, both in primary and secondary schools. The shortage results in teachers feeling overwhelmed by the big numbers and the long hours of teaching, not giving them time to prepare for lessons. So often they come to class unprepared, disenfranchising learners even more. Moreover, in addition to the limited number of teachers available, out of the number, a considerable amount of those who are supposed to play the role of teachers were found to not even have the mastery of the subjects they are supposed to teach. In developed countries, such as the United Kingdom or the United States, there exist highly regulated education systems with high efficiency and recognition. Examples are specific school leaving age of 16, official training and qualification requirements for schoolteachers, states and councils for regulation, and lists of prohibitions of teachers. Big Exam boards GCSEs and A-levels are being regulated by governments such as AQA, Cambridge, and RSA Examinations (OCR) Edexcel, and are responsible for making the syllabus, material, and exams for qualifications, they are edited to the highest standards and generalized in the country, or even the world.

Apart from these two main contributions to Africa's struggle in education, some side problems in the area have been potential difficulties. Healthcare systems in Africa suffer from neglect and underfunding, and well well-being of teachers and children may not be guaranteed because of sickness and a wide range of diseases; Individuals' willingness to pursue education diminishes as many young people feel that their education or vocational skills set do not equip them with the relevant competencies for the job market and needs of the 21st century, there is a lack of vocational skills program. These small factors all stop the progress of the education sector in Africa.

Pathway for investments to take

In order to see the developments of Africa's future economy, not only the government of African nations but of developed countries, world education associations, philanthropic foundations, and private sectors, should all offer some assistance and support. Investment in the field of education in Africa would take certain returns, including growing economic opportunities, diplomatic relations and soft power for foreign investors and skilled workforce, profit-making, and long-term stability of the economy for locals.

Qualified teachers 'recruitment and effective school management should be taken as the priority. A €100 million investment from the EU budget in empowering the world's fastest-growing youth population through quality education. This flagship initiative under the EU–Africa Global Gateway Investment Package aims to accelerate the training of teachers for Sub-Saharan Africa, responding to the need for 15 million new qualified teachers for Africa by 2030. The initiative will contribute to regional and national objectives by supporting and complementing national education and teacher reforms, and offer opportunities for cross-country collaboration, partnerships, and peer learning in the region and with Europe. Investments should be encouraged in training programs, awareness raising campaigns to the welfare and benefits of pursuing educational careers, subsidies and wage rise should also be considered.

Investment in Education technology is also a key to success in Africa's efficient development, by adopting the approach of developed nations. The majority of schools in Africa are without access to digital devices and are away from updated learning resources and tools. Therefore, there is a need to widen access to affordable hardware and software for education, which lays the foundation for openness and readiness to adopt EdTech and, in the long term, build a sustainable ecosystem. The EdTech companies (in Nairobi) aim to develop a one-stop African portal as the main source of up-to-date information and knowledge on Africa's education and skills, providing a platform for peer learning, knowledge exchange, and experience sharing among African countries on the production, management, and use of quality data on education and skills. An example would be The Shupavu Rwanda Project, with main goal to provide free learning resources and Ask-A-Teacher support to all learners in Rwanda by supplementing existing educational programming on radio and TV. The project also deployed Eneza's SMS and USSD lesson platform for learners to access curriculum-aligned lessons. Thanks to this intervention, 479,529 unique learners were reached, of which 37% were female. (ela-newsportal.com).

Another essential aspect of investment is to ensure the foundation of education which would be the infrastructure of schools. The president of South Africa once launched the Sanitation Appropriate For Education (SAFE) with the aim of replacing basic pit toilets with appropriate sanitation in accordance with the Norms and Standards for school infrastructure. While carrying out the investigations, of the 3898 schools on the project list, 969 schools were assessed and found to have adequate sanitation, while a further 126 schools were found to have been closed. The remaining were being allocated to different implementing agents and programs such as National Education Collaboration Trust (NECT) or Provincial Education Infrastructure Grant (EIG) programs. Other areas such as the renovation of schools for desks, books, labs, and equipment, are all the basics that should be in provision, getting away from the unnecessary hardships in Africa's academic journeys. A good example would be REVAMP Africa, together with cooperation partners, visited 85+ schools, and provided education, leadership, and enterprise development support for more than 165000+ underserved youths.

By implementing these developments in the rural areas, wealth inequality may ease. Gender inequality has to address the problem of false perceptions of women and girls, create girls-friendly schools or environments, and abandon severe discrimination laws.

Conclusion

Despite all the challenges faced by nations of Africa, the future of investments in sustainable developments in sub-Saharan Africa's education sector holds promising opportunities for positive change and transformation. Targeting the obstacles of the development of quality education in certain areas of Africa may start with inequality, supply of human capital and mental as well as physical health of faculties. Programs such as exchanging programs, scholarship and financial aids, technology access and career-linked training academy should be taken as the priority of investments, opening the door for individual to a lifetime of better opportunities and economic prosperity.

Oulenda Wu, LXX

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<u>Discussing the deepened diplomatic relations between many African countries (e.g. Kenya) and the Western claims of Chinese neo-colonialism.</u>

In the last few years, many African countries have deepened their diplomatic and economic relationship with China. China's engagement with Africa has been very intricate, involving infrastructure development, trade agreements and investments in many sectors. Whilst these collaborations have brought about economic benefits, they have also led to debates and concerns, with some Western countries labelling China's involvement as neo-colonialism. This strikes up the debate of 'Dragon Slayers' vs 'Panda Huggers'; this is whether China represents a threat or an opportunity to the African continent. This essay will discuss the diplomatic relations between the African continent and China and whether China is a growing threat or an opportunist.

During the late 19th and mid-20th centuries, the continent was divided between European powers in the race for Africa. The colonial era left a lasting legacy of exploitation of Africa's resources, the importation of foreign cultures and the redrawn of artificial borders, regardless of ethnic or tribal divisions, and the economic systems created by colonial powers to the detriment of local populations. The post-colonial era, beginning in the middle of the 20th century, saw a surge of independence movements throughout Africa. Ghana (1957); Kenya (1963); Nigeria (1960); and many other countries gained sovereignty and began to carve out their own paths. But the post-colonization era presented significant challenges.

African nations began to rethink their international relations and sought diversified partnerships in the 21st century. China, on the other hand, offered a distinct model of engagement that emphasized infrastructure development, trade and investment. This marked a break from the traditional reliance on Western aid and signaled a desire for more agency in the formation of economic and diplomatic relations.

The term 'neo-colonialism' was a term developed by Kwame Nkrumah, which describes a country in theory is independent, but it's economic and political policies are largely controlled by external powers. The term helps to address the ongoing power imbalance worldwide and the nature of the power balance between the developed and the developing.

African nations, including Kenya, have embraced China as a crucial economic partner. The introduction of China's Belt and Road initiative has seen an improvement of economic and political unification through trade, infrastructure and diplomacy. The Belt and Road initiative aims to place China in the centre of trade and geopolitics, aiming to demonstrate its relation to the Silk Road. In the past, the Silk Road has encouraged trade but also helped to gain China imperial power. The BRI initiative may pose as the glimmering way to propose more trade and infrastructure links which in turn would allow for more economic growth, but in reality, it allows China to gain more economic power in the form of a neo-colonial manner.

Figure.1 – Silk Road Routes

China has become a crucial trading partner for many African countries, including Kenya. There are many trade agreements and investments in sectors such as energy, telecommunications and manifesting which have boosted the economic activities. For example, in 2021, China pledged to import African products worth USD 300 billion by 2025 and increase the number of African products that qualify for tariff-free trade with China. This economic collaboration provides the African continent with an alternative to traditional Western partnerships. This helps promote diversification and resilience in the face of global economic uncertainties.

Western critics often claim that China's involvement in the African nations mirrors neo-colonial practices. There are allegations of debt-trap diplomacy, where African countries might become increasingly in debt to China, which could potentially lead to economic and political dependency. There are also worries of resource extraction that prioritize Chinese interests over environmental and social concerns. African leaders often counter Western claims, emphasising their power of their nations in the formation of their international relationships. They argue that the engagements with China ate mutually beneficial, by helping to create more economic development. Several African leaders argue that the accusation of neo-colonialism fails to acknowledge the wide range of valuable and ever-changing resources that African international partnerships bring. However, African countries understand the dangers that come with relying too heavily on a single economic partner. As a result, numerous nations, such as Kenya, have made efforts to broaden their international connections. This involves establishing relationships with Western nations and emerging powers alike, in order to maintain a balanced economic and geopolitical landscape. It is crucial to enhance transparency in financial agreements and debt management to enable African nations to make well-informed choices and prevent themselves from falling into unsustainable debt traps.

Moreover, the strengthening ties between African nations and China take place in the wider framework of evolving global geopolitics. Countries are rethinking their alliances and comparing them with their own national interests. To illustrate, China has actively participated in peacekeeping operations under the United Nations in Africa and has established security partnerships with specific African countries. This engagement demonstrates China's commitment to upholding stability in regions that are vital for its economic concerns. Additionally, China's increasing influence in Africa has prompted certain African nations to align themselves with China's views on global matters. This alignment is often motivated by shared interests and a desire to counterbalance Western influence.

China's efforts to enhance its soft power in Africa have been significant, with a focus on cultural exchanges, media influence, and educational programs. These examples have contributed to the changing geopolitical landscape in the region. For example, China's media presence in Africa is CGTN (Chinese Global Television Network), which has many organizations across the continent producing news content specifically tailored to African audiences. Furthermore, China has formed partnerships with local media organizations, allowing it to expand its reach and influence public opinion. China also actively engages with African audiences through social media platforms such as Twitter, Facebook, and local channels. This direct connection with the younger population and influencers enables China to shape discussions on a wide range of issues.

The deepening diplomatic relations between African countries and China are complex and versatile. Whilst economic benefits are evident, Western allegations of Chinese neo-colonialism underestimate the qualities of international relations. African nations must prioritize they national interests, maintain their diplomatic variation to ensure sustainable growth for their nation.

Hattie Barry, LXX

<u>The Democratic Republic of the Congo: The Drastic Effects a Humanitarian Crisis can Impose Upon an Economy</u>

"Countries with non-renewable resource wealth face both an opportunity and a challenge"

The Democratic Republic of Congo is the largest country in Sub-Saharan Africa, and the 12th largest in the world. One of the most violent places on earth, its people suffer from the brutality of armed groups and political instability, leading to the displacement of millions of people. Periodic outbreaks of fighting and war in some areas (particularily concentrated in the East) have been juxtaposed against durations of peacefulness in other areas. Each conflict has left the nation with scars which have had detrimental consequences for its economy.

A *humanitarian crisis* can generally be defined as an event or series of events that represents a critical threat to the health, safety, security or wellbeing of a community.

The purpose of this essay is to delve deeper into the economic implications of the DRC's humanitarian crisis, as well as to look forward into the economic future of the nation and the potential for change.

<u>Historical Context</u>

History has proven time and time again that war and conflict are not the bearers of economic prosperity. To the contrary, these factors often impose significant pressures upon the economy of a nation. The Congo is no exception.

Prior to 1960, the Congo was a Belgian colony and was making progress towards becoming a developing economy. In the 1950s, the Belgian Congo was the second most industrial nation in the entirety of Africa, closely following South Africa. High rates of investment into industries and infrastructure lead to a general improvement in the quality of life of the Congolese people.

However, since gaining independence in 1960, the Congo has been subject to a series of civil wars, wars with neighbouring countries (such as Rwanda) and more recently terrorism.

Between 1990 and 1995, the Congolese economy was beginning to crumble, with a negative annual growth rate of -8.42% *(Cordell and Bernd Micheal Wiese)*. In the early 1990s, the value of the national currency sank to unprecedented lows. Unfortunately, this trend continued into the 21st century, with average capita per income more than halving between 1990 and 2000, becoming one of the lowest globally. The DRC was already one of the world's poorest countries under Belgian rule, yet the situation declined further under Mobutu.

While the Congo Wars officially ended in 2003, in many parts of the Congo, their legacy remains strong as fighting has continued in the form of various terrorist groups. The air of instability within the nation acts as a breeding ground for terrorist groups to capitalise on the opportunity to seize control over certain areas. Violence has persisted at varying levels in the eastern DRC and surged once more in 2012 with the emergence of a new rebel group, the M23, backed by Rwanda. Consequently, an ongoing humanitarian crisis bears a burden on the people of the DRC.

The effects of such a volatile political and humanitarian atmosphere are reflected in nation's fiscal deficit, which widened in 2023 (-1.3% of GDP), due to the continued exceptional spending for security purposes.

Inflationary Pressures

Real GDP grew by 8.5% in 2022, up from 6.2% in 2021. Economic growth was driven on the demand side by exports (which grew by 23.8%) and investment (which grew by 18.6%). Inflation reached 9.1% in 2022 due to high food and imported energy prices (Bank).

Demand-side factors lead to demand-pull inflation in that excess aggregate demand (AD) within the economy pulls up the general price level. This can be caused by changes to any of the four components of AD:

$$AD = C + G + I + (X - M)$$

Figure 2 sketched below illustrates the effect of demand-pull inflation. Unemployment falls due to the derived demand for labour increasing. The initial rightwards shift in aggregate demand (AD) can cause a multiplier effect, leading to a further increase in AD, from AD-AD-1. As Real Output rises, investment will increase for firms to meet new levels of demand, stimulating an accelerator effect.

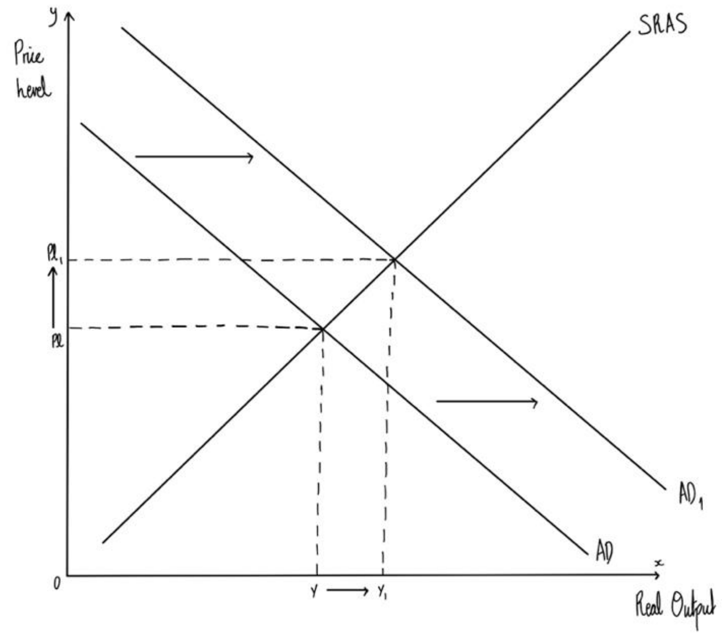

Figure 3 – the effects of demand-pull inflation

Prior to 2022, inflation rates in the DRC have shown huge fluctuations. These fluctuations are a reflection of the volatility of the nation and the lack of continuity in its monetary and fiscal policy. For example, in 2023, the domestic fiscal balance performance criteria (PC) were missed due to a shortfall in revenue and spending reprioritisation towards security and elections. Unstable inflation can be hugely detrimental to those living in extreme poverty as people may not have the resources to protect themselves against these price fluctuations. Figure 4 (shown below) exhibits how the DRC's inflation rate has changed over the last two decades.

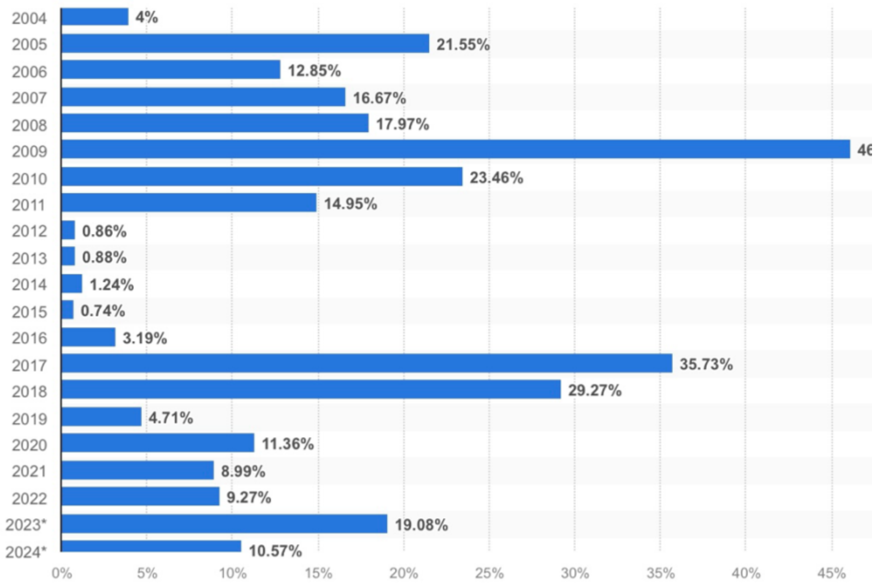

Figure 4 – Inflation Rate Compared to the Previous Year

Sociological Link

A prevalent model in sociology is termed the Maslow's Hierarchy of Needs. At the bottom of this hierarchy of needs sits the need for necessities, such as food, water and shelter. Above that is the need for safety, and above that are more social needs. The hierarchy model continues until the very top, upon which the need for self-actualisation sits. The term *absolute poverty* can be defined a person living on a wage of less than $2.12 per day. This type of poverty results in the most basic needs and necessities remaining unmet, the type of poverty which the majority of the population of the DRC are faced with today. So how do does the sociology of poverty relate to the economy in the DRC?

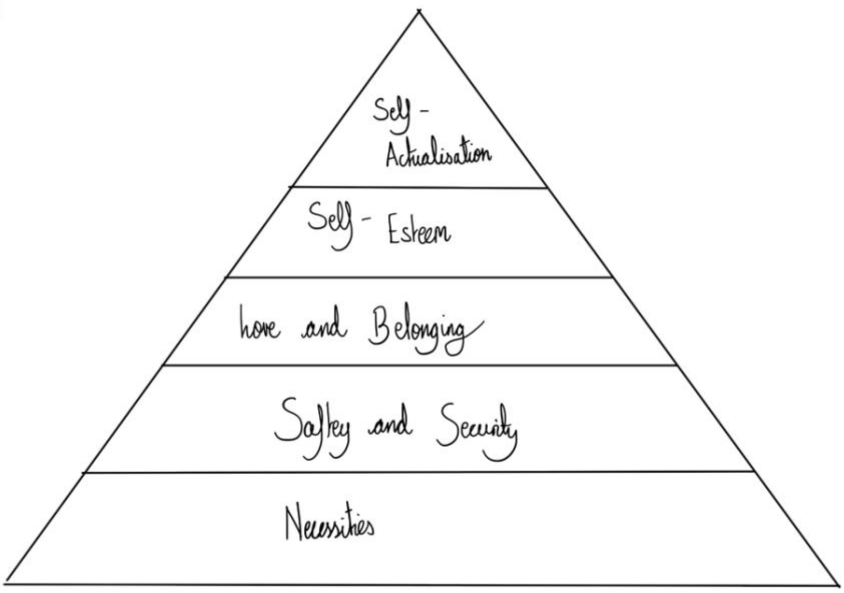

Figure 1 – Maslow's Hierarchy of Needs

Just like social hierarchal models of needs, an economy can also be managed with a model of hierarchal importance, with the most fundamental needs of an economy being stability and confidence. Given the lack of stability and confidence in the Congolese Economy, their plethora of natural resources is somewhat redundant to them. However, this does not take away from the fact that their rich resources provide the potential for significant economic gains. This fact has not gone unrecognised by major global players, such as China. As such, the DRC has been victim to the extreme exploitation of their natural resources.

The Resource 'Curse'

'Homo homini lupus'

'A man is a wolf to another man' - Plautus.

The 'Resource Curse' (also known as the *paradox of plenty*) refers to the failure of many resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries similar failure to effectively respond to public welfare needs. Countries with abundant natural resources often experiences economic challenges such as corruption and conflict, in the place of theorised economic prosperity.

Theoretically speaking, the economic potential of the DRC is phenomenal. 48% of global cobalt is supplied by the DRC alone. Moreover, the nation is host to exceptional natural resources, great hydroelectric potential, vast expanses of land fit for farming, as well as the second largest tropical forest in the world.

Foreign companies in the West, as well as China, have pushed to extract minerals such as cobalt in the DRC. To obtain cobalt, foreign companies rely on artisanal miners, who work independently of mining companies at great personal risk, to power their technologies and fuel economic competition. This FDI in the Congo has fanned the flames for significant corruption, an example being Joseph Kaliba's "deal of the century" with Chinese companies. Such mining operations have given rise to a multitude of human rights violations, such as unsafe labour practices and abuse in the form of child labour.

Have the developed nations of the world, '*man'* began to lose sight of the exploitative nature of their actions in the DRC, and rather immorally began to treat the Congolese people as '*wolves'* rather than men themselves? in the words of Plautus.

The DRC in the Present Day

No rational investor is willing to invest a substantial quantity of money into official mines in the DRC as there is very little confidence that their investments would not be claimed by corruption and instability. Due to this lack of investment, workers in the Congo are reduced to using hand tools and very basic machinery. As follows, despite the abundance of resources, they are not extracted with corresponding efficiency and don't generate nearly as much revenue when compared to a properly developed industrial mine. This dilemma is exacerbated by the fact that the only groups that are willing and able to run and hold these mines are operating military powers, who have often stooped to using child labour to extract these resources. The revenue from the sale of these crudely extracted resources is not going towards the creation of schools and infrastructure, but rather serves to fund a military purpose, going towards guns and tanks, furthering the horrendous violence this nation already faces.

The Congo aims to monopolise about 25% of all cobalt exports. Figure *1* below demonstrates the supernormal profit per unit, shown by the shaded area (the difference between AC_M and P_M). In a monopoly market, this supernormal profit is not competed away. Supernormal profits are given to a small number of mega-winners, allowing these firms to dominate investment, further consolidating industries and lowering competition.

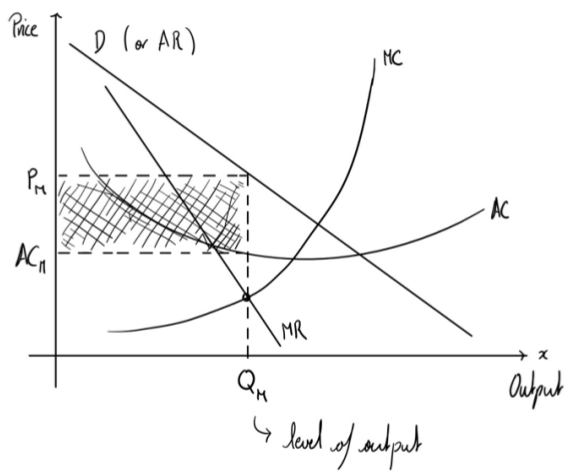

Figure 2 – diagram to illustrate the supernormal profits gained by monopolies.

The nominal GDP per head in the DRC is a staggering $500. 71% of the nation's population lives in poverty, without access to clean drinking water, education, medical attention and without the assurance of their next meal. In 2022, nearly 62% of Congolese people, around 60 million, lived on less than $2.15 per day. This is the highest rate of *absolute poverty* in the world.

In nations burdened by such an acute humanitarian crisis, such as the DRC, foreign aid can be hugely impactful. Responding to such crisis' requires significant financial resources. Foreign aid organisations such as UNICEF already have major operations in the Congo, which inspires a certain degree of optimism for the future. Foreign aid alone, however, cannot be relied upon as the sole agent for change. Although as noted above, some of this aid is inevitably diverted down corrupt channels.

Among the most donated goods are clothing and food, meaning the Congolese people will get the clothing and nutrition that they need to survive the harsh conditions their nation presents them. On the flip side to this, any business competitor within the DRC looking to enter the market for clothing or food has to compete with inelastic prices of $0 (as they are donations). A competition not worth entering. Small businesses make up the backbone of any economy and continued foreign aid could act as a disincentive towards small businesses for fear of being outcompeted by prices unreflective of the market value (e.g. $0). This effectually exacerbates the lack of competition within the Congolese market, contributing to the stagnation of the economy.

Hope for Change

In July 2019, 54 countries of Africa signed on to launch the African Free-Trade Zone, meaning that all countries in Africa will be able to trade free amongst one another without any limitations in a very similar model to the EU. This deal signifies huge strides in peaceful co-operation between African nations and could optimistically be the catalyst for huge economic developments, all over Africa.

The creation of the EU brought about the longest period of peace in the history of Europe, despite the region previously having been conflicted by many international disputes. Could the African Free-Trade Zone come to have similar effects in promoting peace?

Concluding Remarks

The words, “The Democratic Republic of the Congo”, for many, evoke on image of a country plagued by war, instability and conflict. Whilst it is true that these problems do remain prominent in the nation, the word ‘conflict’ does not define the Congo, nor does it define the Congolese people.

The economic potential of the Congo has yet to be fulfilled, that is at least by the nation itself. Moreover, the economic stagnation of the nation can be ascribed to the lack of political will, rather than a shortage of resources.

I would assert that the fulfilment of the Congo’s vast potential for economic prosperity is dependant on responsible and stable governance. The US, the EU and other prominent international actors ought to take proactive measures to prevent a new surge of violence within the state, with the aim of advocating international peace and cooperation.

The restoration of stability within the state is vital. As referred to above, stability is the basis upon which economic development can be achieved. In an era of political unrest and violence, economic development within the DRC is entirely unachievable. Consequent to this, it is crucial that in the coming years the humanitarian crisis in the DRC is addressed, with the upmost importance, in order to establish a framework for peace and begin to rebuild the nation’s crippled economy.

Ellie Moynihan, LXX

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What is the economic impact of African Cup of Nations?

The African Cup of Nations is a football tournament in which the qualified nations from African compete to try to win the tournament and be known as the best footballing nation in the continent for two years until the next tournament. As football becomes a sport where the international talent pool is increasing, the African Cup of Nations is adding more new eyes every year. In this essay I will explore what economic impact of the tournament on the host nation and the continent.

What benefits can hosting the tournament have? An article by Africa news[i] lists two benefits of hosting the tournament: the tournament leads to infrastructural development to enhance the experience of the travelling tourists, and the people who travel to the tournament spend money on local businesses whilst they are at the tournament.

The structural development is a merit good as those who live in the host nation will benefit from the development that takes place. The people money spent by those who travel will lead to an injection of money into the economy which will eventually benefit the whole of society within that nation.

Later in the article it states that when Egypt hosted the tournament in 2019, the tournament generated $83 million in revenue. Whilst this is not a huge amount as Egypt's GDP in 2019 was $303 billion, the money will still prove valuable in being used for other projects to develop the country after the tournament.

Now onto the other question: how can the tournament benefit the continent? Africa can benefit as the tournament generates money which can be reinvested into improving facilities to train African players, so the level of talent of the professional leagues in Africa will rise. There are two benefits of the players becoming more talented.

Firstly, there will be more eyes on African football internationally and domestically. This will encourage the African people to go out to bars when the games are on to watch the games. This will increase consumption, leading to an increase in aggregate demand, which will lead to economic growth because prices and real GDP will rise.

Secondly, foreign teams from more advanced footballing continents will start to spend more money to buy more African players. The African clubs will become richer, so they will be able to do more charity work in helping the communities around where the club is located. This means surrounding communities will benefit from the increased level of talent in African football which will benefit Africa as a whole.

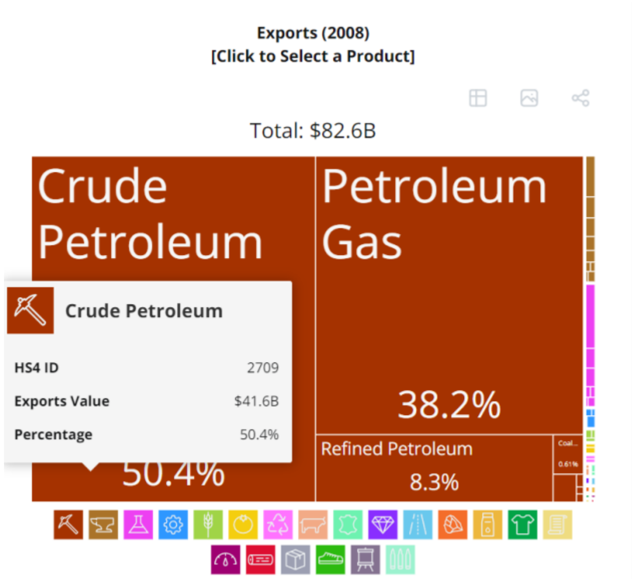
So, what I have shown is there are economic benefits of being the host nation and there are benefits of the tournament taking place for the continent.

However, the point I would like to finish on is that as AFCON 2027 is being hosted by three nations, Tanzania, Kenya and Uganda, the tournament will force the nations to work together on a governmental level. This will result in the improvement of connections between nations within Africa, which could lead to future relations forming which may lead to economic prosperity for the whole continent.

Reuben Sodhi, LXX

The Mirage of Black Gold: An assessment of Algeria's Oil-Centric Economy

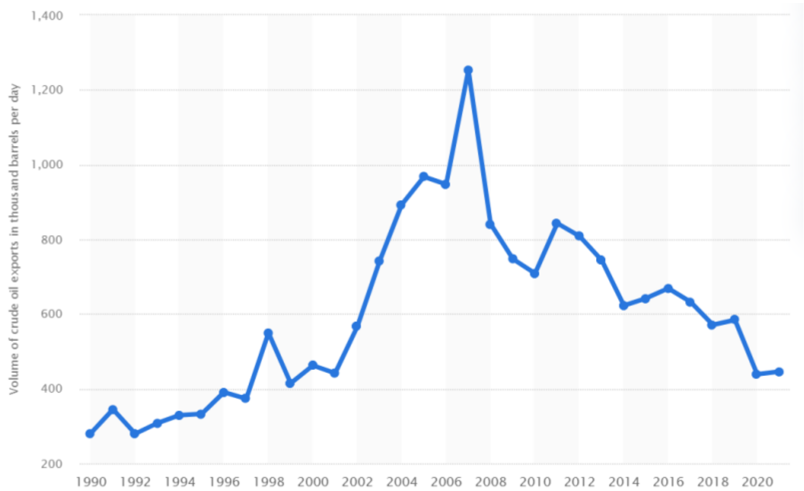
While some Western historians may have resulted to the conclusion that Africa has nothing to offer besides beautiful landscapes and its great climate. This is not the case. In fact, now, it is far from it. As described by Tim Marshall, former Sky Sports editors, as the land of 'lovely beaches', the continent has much more to offer beyond scenery. For example, cornered in the centre of the Sahara Desert exists Algeria, home to abundance of oil reserves. However, Algeria has long been over-reliant on the allure of crude oil as the core driver behind its economic engine. This dependence has not come without criticism, with critical questions being raised on both the sustainability and environmental consequences of the nation's current economic model. This essay aims to delve into the complexities of Algeria's oil-centric economy, while examining both the course it has taken, scrutinizing the imperative for diversification while proposing an optimistic comprehensive roadmap into the unknown, with insights of what the future could offer as Algeria seeks to broaden its trade profile to navigate beyond the confines of 'black gold'.



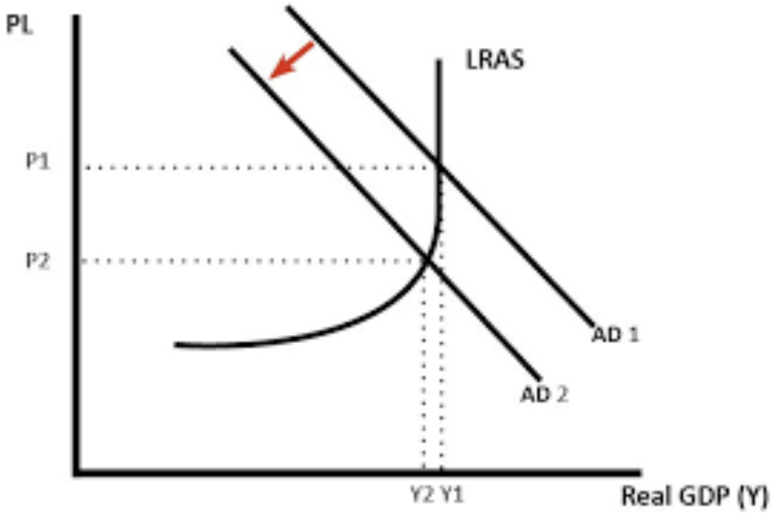
I. Historical Context

Nestled within the vast expanse of the North African landscape, Algeria has long been synonymous with the promise and perils of its vast oil wealth. Embarking in the late 1950s, Algeria journey as a significant exporter of the 'Texas Tea', marked a period from which the nation's trade profile would transform, resulting in exponential growth of Algeria's development, as the dawn of the 60s, saw the development toward large scale production of oil as France were looking to exploit the nation of its resources while it was under their ruling. Although, this very discovery went on to assure unprecedented prosperity and growth, with the discovery of vast hydrocarbon reserves fuelling optimism in a suffering nation as they gained sovereignty only a year later in 1962, in the wake of a major armed conflict between France and the Algerian National Liberation Front (FLN), with a climax as both nations signed the Evian Accords of 1962. While this treaty would result in the seize of warfare between the two nations, thus granting Algeria their independence, it saw France maintaining their previously held economic interests in the region. As per the accords, France would commit to provide assistance in both the social and economic development of the newly independent nation, maintaining all rights involving the exploration, research and transportation of the robust oil industry. In addition, French companies would maintain significant privileges over international corporations involved in the local oil industry for a period of six years. While locals expected the industry to provide a robust, sustainable source of income for the nation for decades to come, we shall come to find that as time transpired, the implications of forming the nation's trade profile around oil begin to crystallise.

II. Economic Vulnerability and Volatility



One of the leading challenges surrounding Algeria's oil-centric economy is the vulnerability to fluctuations found in global oil prices. With Algeria averaging nearly 800,000 barrels per day in exports of crude oil across the past three decades, peaking at an average of over 1.2 million barrels per day in 2007, it is evident that the economic health of the nation is intricately tied to the whims of the international oil market. As a result of this, Algeria's inability to diversify has exposed it to significant risk of experiencing economic downturns as oil markets experience periods of unprecedented price volatility. The recent history of fluctuating oil prices underscores the precariousness of this over-reliance. This is evident as the sub-prime mortgage crisis climaxing in 2008, saw a reduction of over 400,000 barrels per day in Algeria's crude oil exports volume, declining from an all-time high in 2007, to an average of 840,900 barrels per day in 2008. By 2010, this figure had fallen even further to 708,800 barrels per day. During this same period, petroleum gas products represented a frightful near



95% of all the nation's exports by value, thus the reduction in global oil prices resulted in a reduction in Algeria's export value in excess of 71% from 2008 to 2009. This extreme reduction in government revenue resulted in a -7.15% of GDP deficit in 2009 as Algeria began accumulating debt. In order to minimise this, the government announced reductions in their budgets for years to follow. In the diagram below, we can see the devastating outcomes that this would go on to cause for Algeria's economy.

As Algeria's government expenditure declined between the fiscal years of 2008/09 and 2009/10, this resulted in a decline in aggregate demand (AD) across the entirety of the nation's economy. With government spending representing a 15% proportion of aggregate demand, there was a significant decline in the demand across the economy between the two years. This is showcased on the diagram by the rightward shift in AD from AD1 TO AD2, thus resulting in market disequilibrium. As a result, firms were forced to reduce pricing of their goods and services, in order to increase effective demand. At the new market equilibrium, we can find a decline in economic output, which resulted in a 1.8% decline in the nation's real GDP, from a 3.4% increase in 2008, to a 1.6% increase in 2010. This is shown by the decline in RGDP from Y1 to Y2, with the increasing gap from Y1 to Yfe and Y2 and Yfe showcasing a national increase in unemployment. Finally, the following even resulted in deflationary pressures in the economy as shown by the decrease in price level on the diagram from P1 to P2. This seemed rather negligible however, as Algeria experienced disinflation causing inflation to drop from 5.74% in 2009 to 3.91% in 2010. As both figures are in between the inflation range of 3-6% encouraged by experts for African countries, providing ample room for significant growth at the expense of inflation. From this we can see the importance of diversification as the drastic effects caused by dropping oil prices could have been alleviated by an extensive revenue generating profile, made up of a multitude of goods and services under a plethora of sectors.

III. Dutch Disease Phenomenon

Furthermore, the implications found within Algeria's oil-centric economy are not limited or restricted to when oil prices fall, with issues even extending to hikes in oil prices. Booms in oil revenues have often resulted in the nation experiencing unprecedented negative consequences including a decline in unrelated sectors, currency appreciation and increased dependency on imports. This phenomenon is often referred to as the 'Dutch Disease'. A term coined after Netherlands discovery of large natural gas deposits in the North Sea saw the nation experience unprecedented repercussions as Dutch non-oil exports lost competitivity on international markets as the currency strengthened and exports became dearer. The same effect was experienced in the dawn of the century, as Algeria's dinar gained nearly 15% against the dollar in the year from June 2007 to June 2008. While this is an impressive feat for the nation, with oil exports peaking in 2008, this rapid rise in the exchange rates saw a large decline in imports unrelated to crude oil. However, due to Algeria's incompetence to diversify away from the liquid gold, the effects of this phenomenon were only minor, with all other Algerian exports contributing far below 10% of their total export value.

IV. Socioeconomic Implications & Environmental Concerns

While oil wealth has undoubtedly given rise to infrastructural development, thus improving living standard for a number of portions of the population, it has also been the recipient of criticism who believe this same wealth has exacerbated the nation's social inequalities. The concentration of wealth in certain sectors and regions has led to disparities in income disparities as few reap benefits from the profits of the 'Texas Tea'. However, with foreign institutions not frequently publishing statistics related to Algeria's inequality, such as their poverty rate and Gini coefficient, it is difficult to determine the scale at which this implication is felt. Doubtlessly, the effects of this implication could easily be minimised as a diversification beyond the liquid gold would result in a multitude of beneficiaries from a plethora of sectors, thus solving the nations' significant inequality issue. Amidst the echoes for economic diversification, a poignant concern emerges in the environmental footprint of Algeria's oil-centric economy. Beyond being Algeria's largest export, the extraction and exportation of hydrocarbons has left an eternal mark on the nation's ecological landscape. While often submerged into the peripheries of economic discourse, environmental sustainability have recently been thrust into the forefront of concerns over the past decades, suggesting that Algeria should seek departure from its over-dependence on black gold. Ranging from habitat degradation to air and water pollution, a reckoning of the whether the environmental costs of oil extraction are truly outweighed by the benefits is imminent. As per last year Algeria was responsible for a devastating 176.2 million tonnes in Carbon emissions, far exceeding 10% of the entire continent of Africa's emissions. Algeria stands at a critical juncture in its development where the pursuit of economic prosperity must harmonize with a commitment to environmental stewardship.

Conclusion

While Algeria's reliance on oil as the cornerstone of its economy has generated significant opportunity on the surface, however when you delve below the surface, we begin to view many of the implications not clear at surface level. Hence the association of black gold as an illusion or mirage. While promising prosperity, the mirage of black gold has significantly limited the nation's economic stability and resilience, while maximising vulnerability. As global dynamics and the energy landscape continue to evolve, Algeria stands at a crossroads, with a reassessment and recalibration of its economic strategies imminent if the nation wishes to ensure a sustainable, diversified future. The imperative lies in navigating beyond the mirage and charting a course towards a more resilient and balanced economic paradigm.

Roadmap into the Unknown

As Algeria seeks to confront the imperative of diversifying away from black gold, the nation must begin by identifying and prioritising alternative sectors for development, potentially the extraction of precious metals or tourism. In 2022, as the world saw a rebound in output and travel from Covid-19 restrictions Algeria's tourism only represented 4% of its GDP, a figure doubled by both its neighbour in Morocco and its North-east African counterpart, Egypt. Thus, suggesting that tourism could potentially be a sector home to extensive room for growth. Furthermore, Algeria is even home to proven deposits of Gold, Silver, lead, metal ores and phosphates. All of which, if extracted and refined could provide a robust additional source of revenue for the nation, in its quest to diversify beyond the liquid gold. Whatever industry Algeria seeks to develop, government initiatives shall prove vital. This could involve the incentivising of investment in non-oil sectors through grants, tax reliefs and subsidies. Finally, international collaboration and partnership shall also be prove essential to leveraging external expertise, technology transfer, and accessing global markets, with many of Algeria's other African counterparts benefitting off the following over the past decade, namely Angola and Kenya. This comprehensive roadmap charts a transformative course, positioning Algeria for sustainable economic resilience and growth beyond the confines of oil dependency and into an optimistic unknown.

Lenny Kinaro, LXX

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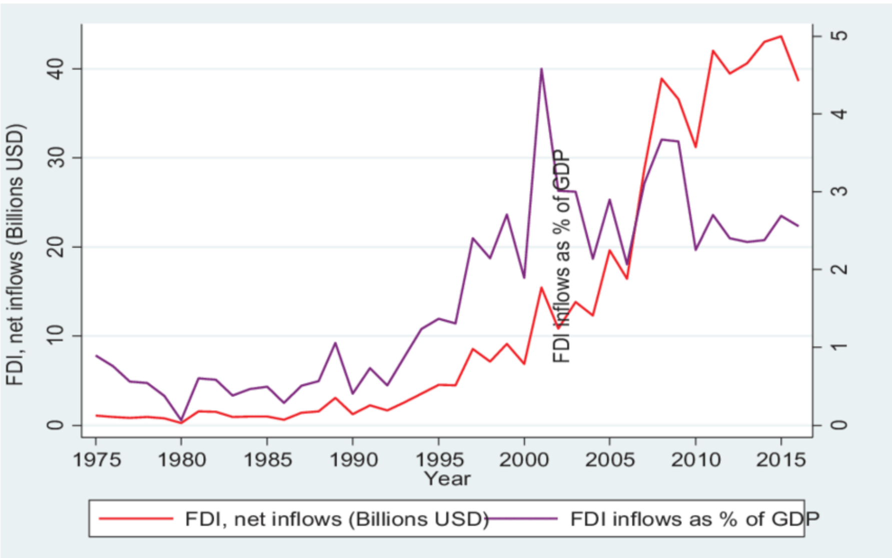
Why Africa is Going to be the Next Economic Superpower

Africa, renowned for its abundance of natural resources, it stands as the wealthiest continent globally. Despite this wealth, the efficient extraction and utilisation of these resources has been challenging. In this essay, I am going to look into the various factors hindering Africa's successful harvesting, trading, and selling of its resources. Additionally, I will analyse and suggest changes that hold the potential to propel it into the status of the next 'economic superpower.'

The single handedly most significant factor preventing the success of Africa economically is exploitation. This all started with the colonisation of Africa from European powers such as Britain, France and Spain. Even after the independence of African countries, these powers have kept ties in these countries to utilise them for their resources. An example of this is Ceuta and Melilla continuing to be governed by Spain. In some people's eyes, the colonisation of African countries has led to massive economic growth in the long term as it has enforced western education methods and religions such as Christianity. However, once Africa was declared independent in the 1960's it was left completely ransacked for money, infrastructure and many resources.

Even with being left on such a bad foot by the European colonisation, Africa in 2023 was evaluated at having only 22.8% of its GDP as debt, whereas the UK has a total of 101.2% of its GDP as debt. For a continent that was left with very little, having such a low percentage of debt after 60 years of independence is very convincing. The estimated growth of GDP per capita in sub-Saharan Africa is expected to grow by 800% before 2050. Now compare this to the economy of the United States, in 1977, it was the same size as Africa's today, and in the last 47 years it has grown by 24.4 trillion USD. This just shows the massive potential for Africa as a continent.

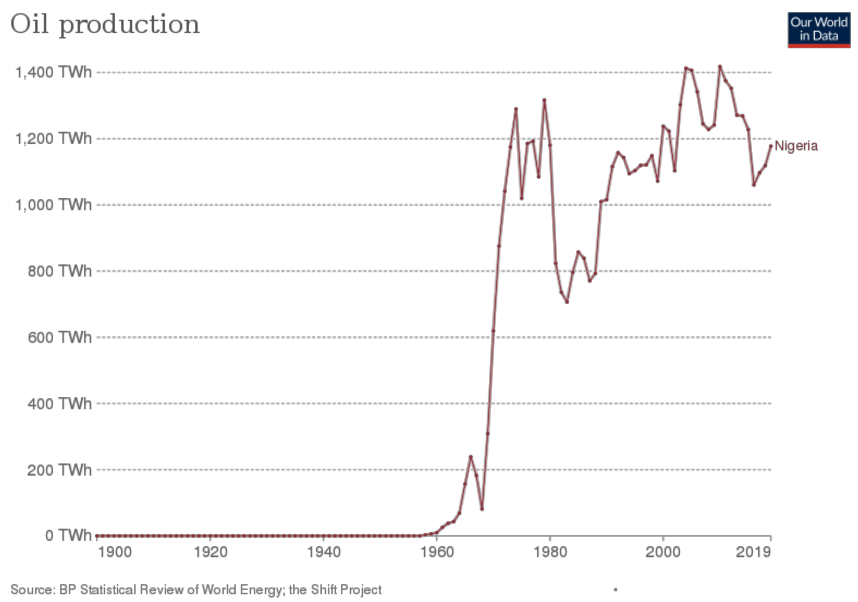
There has been a notable surge in foreign direct investment (FDI) in various African nations, reflecting the increasing confidence of the global community in the region's economic potential. This influx of capital has been directed towards diverse sectors, including technology, infrastructure, and renewable energy, fostering a more diversified and resilient economic landscape. Additionally, the rise of intra-African trade initiatives and economic blocs, such as the African Continental Free Trade Area (AfCFTA), is fostering greater economic integration among African nations, unlocking new opportunities for collaboration and growth. The diagram below displays FDI inflows from the last half century.



As you can see, the FDI, net inflows in Billions USD have increased by 56% from 2006-2008. This has been positive for Africa as large amounts of this investment will be spent on improving infrastructure, healthcare and creating better paid jobs for the average citizen. The FDI inflows as a % of GDP, however, is significantly lower, this is because it has a small GDP base, this gives the impression that the country does not receive as much foreign investment in comparison to its economic size.

One factor preventing the FDI increasing in Africa is its political leaders. The corruption of these leaders has driven away foreign investors as they are unable to ensure all the investment is put into the correct places. There have been massive efforts to fix these issues in African countries by having them under close watch from external companies such as the United Nations. However, this is still found difficult as corruption in these countries has been easy to hide. For example, siphoning money under as "investments in property" since there are no internal leaders to ensure these external investments are all spent accordingly. There have been examples of political leaders attempting to stop corruption and take back control of Africa such as Patrice Lumumba. He was then stopped by Belgian partisans and executed to protect the United State's best interests. This has happened countless times over and over to keep Africa under the control of its colonisers from so long ago, this has proven a very big issue in changing the course of Africa's progression.

Large companies such as Shell have taken interest in Africa for its vast natural resource. More specifically, Nigeria. Shell realised that buying oil from Nigeria was less productive than harvesting it themselves, this is when 'The Shell Petroleum Development Company of Nigeria' was formed. The original plan was for Shell to invest in Nigerian infrastructure and help the country grow economically in return for Nigeria's oil. A plan like this was obviously intriguing to the political leaders of Nigeria as it would mean they could siphon money into their pockets unmonitored while 'improving' the Nigerian economy. This can be seen in the diagram below.



This diagram shows oil production increase since Shell began production in Nigeria. In the late 1960's Shell began building oil wells shortly after Nigeria began investing in oil mining, this agreement was made by Nigerian leader, General Yakubu Gowon. Shell has found its strength in keeping the political leaders' content, this is why the company developed an advanced strategy by funding the political leaders in return for control of the military and media. Having the military under the control of Shell means that protests attempting to raise awareness for oil spills and mistreatment of Nigeria can be squashed and hidden from the rest of the world. However, this has been put under the spotlight by social media's such as Instagram and TikTok which has caused the rest of the world to protest and try drive Shell out Nigeria to stop the vast extraction of natural resources and destruction of the country.

The largest foreign investor in Africa since 2013 is China, as the investments from the US begin to decrease, China's investments began to increase. The main countries of interest have been the Democratic Republic of Congo, South Africa, Rwanda and Kenya. With China's investment in 2020 of $43.39 billion to Africa, suspicions begin to arise that China plans to become involved in African politics and stir the pot to harvest its natural resource. As of now, China proceeds to harvest natural resource in return for building large infrastructure in deprived countries. China has moved around 3,000 people to Rwanda alone for the sole purpose of building offices, skyscrapers trying to build a modern-day city.

In conclusion, Africa has the potential to become the next economic superpower. With the correct leaders in place, support from western countries and prevention from exploitation, Africa has the resource, equipment and hard-working population to turn around the course of the continent. The increasing support from the public and media have a much larger impact than before and with time, Africa will stabilise its trading agreements and fight against western influences.

Duff de Sales la Terriere, LXX

South Africa's Unemployment Conundrum

Introduction

In the tapestry of South Africa's intricate post-apartheid socio-economic landscape, one pervasive challenge has emerged as an impediment to the development and prosperity of the nation- unemployment. Currently, the nation's unemployment rate stands at a monumental 31.9% in the third quarter of 2023. As the nation strives to overcome historical disparities and aspires to redefine its identity, the persistent and multifaceted issue of unemployment requires immense attention and an informed, decisive, holistic approach in order to be successfully resolved. Therefore, within this essay I will embark on a meticulous exploration of South Africa's unemployment predicament, delving into the underlying root causes, dissecting the ramifications that reverberate throughout society and proposing viable solutions for a robust socioeconomic rejuvenation.

Causes

One of the fundamental catalysts of South Africa's unemployment catastrophe is rooted within its historical legacy of apartheid policies. The discriminatory practices of the twentieth century have left a profound and enduring imprint on the nation, with the apartheid era not only standardizing a system of racial segregation but also perpetuating inequalities. The repercussions of these historical injustices are that a vast proportion of the population were systemically marginalized, consequently hindering their ability to access quality education, their exposure to employment opportunities and their ability to cultivate and finetune their levels of proficiencies. The consequences of these substantial disparities among the diverse population are now becoming particularly evident in the present-day workforce, as there is a significant discrepancy between the demands of the labour market and the skills possessed by individuals, universally referred to as occupational unemployment. Ultimately, this issue of extensive quantities of individuals being inadequately educated for various occupations has exacerbated the already existing unemployment conundrum, subsequently, inhibiting the country's ability to fully utilise its human capital, hence, leading to diminished productivity and overall stagnated growth.

Another factor at the core of South Africa's unemployment dilemma lies the sophisticated issue of labour market rigidity, adding further complexity to the situation. The stringent labour legislations paradoxically contribute to the crisis as despite efforts to protect workers right's as initially intended, they instead create an environment that is less adaptable to the everchanging dynamics of the labour market. This is because the strict regulations and obstinate labour laws make it strenuous for businesses to hire and fire employees quick and efficiently, hence hampering occupation creation and fuelling unemployment. This is because of the complications in adjusting to the altering market environment as a repercussion of the unyielding policies, consequently leading to employers being sceptical to broaden their workforce. Additionally, these austere regulations not only negatively impact the construction of job opportunities but also contribute to a broader economic landscape characterized by diminished competitiveness. This is because businesses and firms are more hesitant as a consequence of the difficulties presented by inflexible labour policy, hence meaning they are less willing to invest, which in turn constrains the overall growth of the economy.

Consequences

The most detrimental ramification of South Africa's unemployment catastrophe is the continuous cycle of poverty, a challenge which many individuals and families struggle to break free from. This unrelenting cycle generates formidable obstacles to upward economic mobility, posing particular challenges for South African families in fulfilling fundamental requirements such as affording basic necessities such as nutritious food, adequate housing, and healthcare. The consequences of unemployment extend far beyond this, as the neglected and disadvantaged division of the population may find themselves encapsulated in a precarious web of economic hardships, gradually becoming entrenched in it over time. For instance, poverty often leads to inadequate access to quality education, which may be a result of various factors including the inability to afford schooling and transportation fees. This, in turn, reduces an individual's opportunity for skill development, hence decreasing their chances of securing well-paying employment. Additionally, often destitution limits accessibility to essential resources including clean water and healthcare, thus negatively impacting an individual's health, well-being and overall productivity making it even more challenging to escape this vicious downward cycle. The experience of poverty can also have psychological effects, including low self-esteem, a sense of hopelessness, and a lack of confidence in one's ability to escape poverty, with these psychological barriers impeding individuals' efforts to break free from the cycle. Lastly, a level of inter-generational transmission of poverty is created, with children who grew up in the face of extreme penury remaining within it, continuing the unforgiving, cruel cycle. Therefore, with the intention to effectively resolve the unemployment catastrophe within the nation requires comprehensive strategies that focus on occupation creation but also encompass social and economic policies that target the destruction of the cycle of poverty that disproportionately affects the most vulnerable in society, promote upward mobility and prosperity, and the nurturing of sustainable development for the entire nation.

An additional distinct outcome of South Africa's unemployment conundrum is the intensification of income inequality, which in turn, has crafted a socio-economic divide that permeates through society. The paramount factor contributing to this rift is the stark contrast between those who are gainfully employed and those who are grappling with the complications of unemployment. The jobless members of society, who are not only in a position of fiscal adversity, now also experience the profound sense of exclusion from the benefits of economic development. Furthermore, the diminishing prospects of stability for a large proportion of the population through their inability to secure employment has led to societal tensions simmering, forming a breeding ground for discontent and unrest to unfold. Ultimately, this is a direct result of the frustration born out of economic inequality, which has further enlarged the gap between the strata of society, thus generating a volatile environment that poses risks to social cohesion. Therefore, it is imperative for the South Africa government to embrace a comprehensive, holistic approach, deploying a multitude of effective strategies to not only address the perpetually expanding crisis of unemployment but also to strive towards bridging the socio-economic divide before public calamity erupts.

Lastly, the nation's unemployment disaster is entwined with a concerning elevation in crime rates, forging a perilous relationship between economic desperation and illicit activities. The absence of viable opportunities for a considerably vast segment of South Africa's population, has generated a hostile environment where many individuals who are encountering the harsh realities of unemployment turn to criminal activities as means of survival. Ultimately, this unfathomable level of economic disenfranchisement within the borders of South Africa, has consequently resulted in extensive quantities of people becoming more susceptible to criminal influence and involving themselves in illicit activities in order to secure their livelihoods, thus perpetuating a cycle of crime that is hampering the country's public safety, overall wellbeing and hindering the trajectory of its economic growth. Therefore, in order to address South Africa's conundrum, job creation and a wholistic approach that confronts the sources of delinquency are required, which hopefully can foster an environment where individuals can channel their aspirations through lawful means, thus reducing unemployment and crime.

Solutions

Firstly, addressing South Africa's entrenched unemployment crisis entails the adoption of various wide-ranging strategies and tactics that acknowledge and confront the historical legacies of apartheid.

The most optimal resolution seems to include a re-evaluation of South Africa's educational landscape, with an implementation of numerous policies that are aimed at rectifying the educational inequalities perpetuated by the past discriminatory practices. This includes initiatives to enhance the accessibility to high quality education for those communities who have historically been marginalized, ensuring that individuals have the opportunity to acquire and develop skills parallel to the evolving needs of South Africa's industry. By investing heavily in education, particularly in areas where disparities are most pronounced, South Africa can break the cycle of occupational unemployment, by aligning individuals' current proficiencies and the demands of the contemporary job market. To achieve this successful, there must be a closer collaboration between educational institutions and businesses in order to effectively identify emerging skill requirements. Additionally, investing in vocational training programs tailored to the needs of current businesses is an imperative initiative that would allow individuals to attain practical skills, that directly translate to employment opportunities, thus increasing their occupation prospects, increasing their competitiveness in the workforce, and making them more desirable for employers. Bridging the disparities in skills would not only lead to the development of a workforce with versatile capabilities and address the current unemployment catastrophe but also be a pivotal step towards unlocking the full potential of the nation's human capital, enhancing the country's competitiveness in the global market and the fostering of inclusive growth.

Moreover, another method to successfully resolve South Africa's intricate unemployment challenge, involves a strategic reform of the labour market regulations. The adoption and employment of more flexible labour legislation that do not paradoxically contribute to the unemployment crisis by impeding the dynamism required in response to the ever-evolving labour market dynamics should be explored. This new approach would be characterized by a more responsive employment environment, that allows businesses to adapt swiftly and be more agile. This could be achieved efficiently by streamlining regulations related to hiring and firing, hence meaning businesses would be incentivised to enlarge their workforce, which in turn, would create more occupation vacancies. Ultimately, this addressing of the rigidity in labour market regulations would allow South Africa to swiftly navigate the complexities of its unemployment conundrum and lay the foundation for a more resilient and dynamic market.

Conclusion

In summary, South Africa's unemployment conundrum is intricately tied to historical injustices and is heavily exacerbated by labour market rigidity. The ramifications of this catastrophe are incomprehensible with the perpetuation of poverty, income inequality and rise in illicit activities illustrating the severity of the situation. In essence, to effectively address this multifaceted issue, a comprehensive, strategic approach that integrates enhanced accessibility to education, labour market flexibility, social programmes and crime prevention measure are imperative to resolve the conundrum. Only through such a versatile approach can the nation foster sustainable development, break the cycles of poverty and inequality, and pave the way for a prosperous and inclusive future for all its citizens.

Charlie Hill, LXX

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Unveiling Africa's Economic Potential and How Colonialism Hindered It

The African economy holds a large element of potential for growth, however through historical events, namely colonialism, the African industry has become reliant on European trade which has extensive impacts on its economy as the reliance on imported goods, essentially causes a leak in its flow of income. Prior to the partition of Africa and the establishment of a harmful political structure, African economies were advanced in all areas, specifically trade, thus the development of colonialism hindered the natural development of the African economy. Despite the colonial influence that is still prevalent in today's society, Africa has managed to have many economic strides due to their vast resources, however there is still work to be done for the continent to reach its full economic potential.

Before colonialism in Africa, there was a multitude of economic activity that occurred, including mining, agriculture, and pastoralism. Also, Africa had many diverse ranges of cultures and civilisations that had advanced systems of trade and technology. This provides evidence that Africa's development wasn't behind that of Europe's, as they were doing forms of labour that ensured a similar stature of involvement in the economy. The development gap between Africa and Europe was clearly widened by the Trans-Atlantic slave trade, significantly slowing down the continent's economic progress by diminishing Africa's industries and forcing it to become reliant of European trade. If we looked at the economic development of Africa simply from the viewpoint of a post-colonial time it wouldn't be justifiable as the continent's economy would look nothing like it does today because the colonisers left Africa with very little to develop, which is not how it seemed Africa was going to develop without the colonisers.

Now that there is less colonial influence in Africa, it has started to reach its full economic potentials. An example is that there are many platforms such as Orange Money in West Africa which has boosted financial inclusion. This economic growth can be attributed to the use of drivers. An example of a driver is the resource boom, this is very beneficial, as the abundance of natural resources that Africa has, can attract investments which helps in the promotion of trade and increase the money being injected into the economic flow. The second driver has been improved governance; this makes it a safer environment for investment as there is more stability within the continent's figures of authority. The technological advances that have happened in Africa has also helped with economic growth, as the sudden impact of mobile phones has helped drive financial inclusion and entrepreneurship by increasing the connectivity when accessing information to foster innovation. The final driving force of economic growth is Africa's rapidly growing population which creates a larger consumer-based workforce, however, to fully use this driver in demographic shift there needs to be more investment to the education and skill development so that companies can harness this demographic. Just like this example, there are also many challenges to overcome to help Africa reach its full economic potential:

The challenges to overcome include a need for improvements in infrastructure, for example there is a lot of insufficient communication and transport networks that stand in the way of trade, if these resources were to be improved then more energy would go to companies. Although, as mentioned previously, governance has improved, but there is still a lot of work to be done to create a more stable business environment and reducing corruption within governments. Africa is growing economically, many countries' GDPs increasing by a rapid amount every year, however, in these growing countries, there tends to be a lot of unequal distribution of wealth which leads to inequality and benefits being unevenly distributed.

As stated previously, Africa has already started to unleash their economic potential, and although there are some factors that need to be fixed, it is heading in that general direction. There are many different methods for the continent to get to its full economic potential faster. These include, investing into Human capital. This would mean that Africa would prioritise their money on education, healthcare, and skill development as this would help create a productive work force and encourage entrepreneurship. Many infrastructures in Africa need to be improved, for example, developing and relying more on renewable energy source, efficient transport networks, and coming more into the digital age. This would allow Africa to move beyond dependence on raw materials and develop more tertiary or quaternary jobs, which in turn would strengthen trade, both externally and internally. This trade would be very beneficial as it would promote beneficial agreements and allow many companies to advocate for fairer working terms.

In conclusion, Africa's economic power was on the rise before colonialism, however, after colonialism decreased in around the 1960s, it left many African nations stranded for business and reliant on Europe for imports. Nevertheless, Africa is making a powerful return to the economic market, allowing the continent to reach its full economic potential; it is a necessity that Africa address its challenges to move forward as it has already begun to do so with collective efforts from African governments and private investment, with the impacts of these measures being huge.

Ottilie Moore, LXX

How Tunisia's Economy Threw Its Youth into the Sea

Introduction

In the field of socioeconomic research, following the ever-increasing rate of globalisation, the studied phenomenon of "brain drain" has become increasingly prevalent. This is the colloquial term for human capital flight, which is defined as the emigration or immigration of highly skilled individuals seeking better living standards and higher wages. Tunisia, an economically stagnant country with most of it's GDP vested in education, stands tall, ongoing for the past 13 years, as a paradigm of this concept.

According to a 2023 survey conducted Sigma Conseil, the leading statistical research and consultancy company in Tunisia and Algeria, over 75% of Tunisians aged 18-30 have the desire to leave the country:

> "*64,5 percent of young people seek better economic opportunities abroad, 50,5 percent want to escape unemployment and economic instability, while 46,7 percent aspire to a better life abroad".*

A high fraction of those seeking better economic opportunities abroad include those in technology and healthcare industries: for example, every year, over 3,000 young IT engineers leave Tunisia for Europe, where wages can be up to 2.5 times higher." A 2017 article by the Arab Weekly describes that "Attracted by higher wages and better career options, 94,000 highly skilled Tunisians have left the country in the last six years, the Organization for Economic Co-operation and Development (OECD) said."

This seems like no surprise given that youth unemployment rate in Tunisia stood at 38.8 percent by Q1 2023.

But why is this number so high? What is creating all the push factors for Tunisians to leave the country and why is the youth especially hit so hard?

The answers to these questions are multifaceted and complex but this paper seeks to look at these factors:

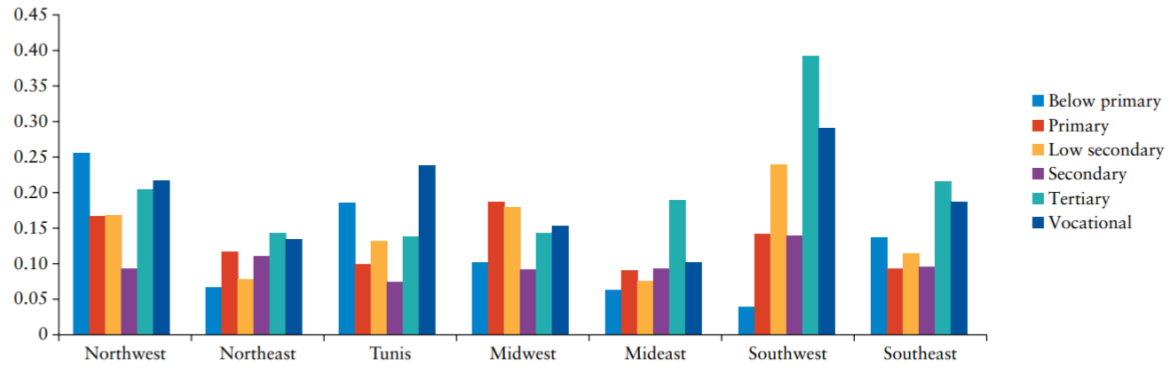
- The increased difficulty of employment
- The disappointment of the education system
- The pessimism following the 2011 Jasmine revolution.

Difficulty of employment

> *"Tunisia is one of the few countries in the world where a higher level of education decreases employability."*

This was the conclusive report made by the world bank circa 2011, post-revolution, when describing the opportunity employments for post-graduate youths. Unfortunately, this statement is a concise and resounding truth. In urban areas of Tunisia- where post graduate students are of the highest concentration- unemployment rates are appallingly high for individuals with tertiary education: 30% (in 2020), a resounding margin for this individual demographic when you consider that the unemployment rate of Tunisians wholly is 16-17%. More importantly, the unemployment rates of those only a primary certificate was significantly lower at 10%, and those with no educational degree even lower: 6%.

Figure 3.7. Unemployment Rates by Educational Attainment, Urban Tunisia



Source: World Bank. 2013b.
Note: The rural survey did not find enough university graduates to report meaningful figures.

Why is this the case?

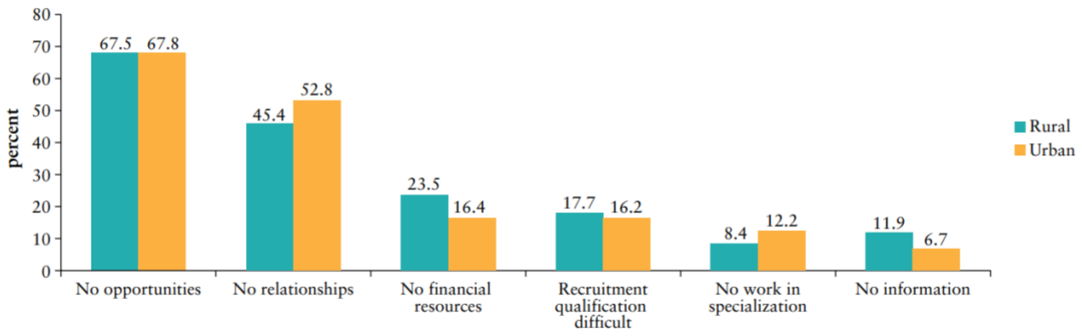
There are several reasons that all link back to Tunisia's lack of economic reform and , subsequently, poor market structure. The Tunisian economy is not generating enough jobs that require high skilled labour or university degrees, in neither the public nor private sector. The erstwhile is due to government hiring freezes whilst the latter is due to the lack of FDI in the Tunisian economy. Foreign companies are discouraged from doing business in Tunisia due to its "Low Doing Business" score ranked by the world bank: 78th out of 190th. Tunisian employers also feel that people graduate from universities without any transferable or tangible skills for the workforce (we will delve into this in the section on educational disappointment); therefore, hiring a student from tertiary education or secondary is only perceived as the difference of choosing between two equally skilled workers where one will demand a higher wage for their degree, decreasing incentive in employers to higher educated workers. And thus, the majority of the jobs being generated by the Tunisian economy are low wage jobs that pay disappointingly less then what graduates expect for their labour, and what employers expect they wanted: creating a psychological restriction on both fronts.

Felhi, a top student at Tunis's National School of architecture and Urbanism who left Tunisia as she found her skills were more valued elsewhere (junior architects in Tunisia generally make $320 a month) explicitly spells out the problem:

"The living and working conditions of the highly skilled as well as the number of hours at work reflect some form of exploitation that has resulted in the current brain waste. Some conditions are unacceptable in terms of remuneration, the recognition of qualifications and the professional standing of some highly skilled workers,"

This is only a subset of the larger issue with employment practices in Tunisia: it is hard to get a job generally. During qualitative focus group discussions hosted by the world bank circa 2011, the following factors were considered by young Tunisians (19-29) as the most common practices in influencing recruitment: Connections, nepotism, bribery, and regionalism. 53.6% of rural youth and 62.6% of urban youth underscored their perceived importance of having pre-established connections to enter the workforce, which suggests the difficulty for regular civilians, particularly those originating from non-urban backgrounds to break into the workforce. This inequality in opportunity speaks to the hopelessness among the youth in their job opportunities (see fig 3.11)

Figure 3.11. Main Difficulties in Finding Work Opportunities—Rural Versus Urban



Source: World Bank 2012d; 2012e.

Disappointment from the education system

Much of the Tunisian youth feels let down by the education systema and its failure in secondary school enrolments especially to provide essential structures that would help students develop transferrable skills and provide career guiding opportunities. Education is a corner stone of Tunisia's societal structure, becoming one of its trademarks after claiming external independence from France: the gross enrolment rate in secondary schools for examples is 93%. Yet despite these high rates, educational outcomes are consistently weak across the country, where a TIMSS survey indicates that 75% of youth perform "low" or worse in mathematics grades and Tunisia preforms much lower than similar income countries across northern Africa (Mullis et al. 2012). Not only is the schooling system weak in its own purpose but, moreover, career counselling is very limited in schools at secondary and tertiary levels; therefore, meaning students lack guidance on critical career and CV decisions. According to the Brookings Institution access to education in Tunisia "has bene implemented at the expense of the training quality". All this compiled seems to suggest a failure on the part of the education system to impart life skills and knowledge that would expedite the students transition to the workplace, and this failure makes its mark in recruitment industries.

The lack of necessary and advisory structures unfortunately makes its mark on Tunisia's youth: and this disappointment is well summed up in the statements of Gala-ali.

""People told us in order to get a job you need to get a degree first, but people do have degrees and even with that they are not getting employment," Gala-Ali noted. "Tunisian schools do not prepare you to be employed and do not equip you with the necessary skills that a 21st century employee needs to have."

This failure in education system is a symptom of the economic stagnation in Tunisia which has confounded a similar repercussive stagnation in schooling. It is not due to a lack of funding, as Tunisia continues to spend one of the highest shares of its GDP in education, but rather a lack economic reform and forward thinking by Tunisian governors. Mehdi Cherif, coordinator of Fahmologia, sums this well: *"I would like to see an educational system that is empowered by economic reforms,"* Cherif said. *"We have to reduce unemployment…inequality of conditions…so that every Tunisian student can explore his or her interest, be it in philosophy, art or medicine, without fearing for their future. We must allow them to contribute as much as they want and as much as they can to society."*

The disappointment following the Jasmine revolution.

This paper will attempt to explain the primary reason behind Tunisia's economic flatline simply, to avoid straying away from the crux of the issue: which will result in a gross but necessary oversimplification.

In January 2011, Tunisia saw the Jasmine revolution or the Tunisian revolution of dignity, in which they overthrew the dictator Zine El Abidine Ben Ali in a 28-day campaign incentivised by their lack of political freedoms, high inflation and unemployment rates and poor living standards. Following this came a restart at democracy in Tunisia. Unfortunately, as standard in a nascent democracy, the new politicians were too insecure in their positions of power to introduce the drastic economic reforms necessary to reverse the devastating effects of dictatorship on the economy, in fear of being voted out. Thus, no reform was seen for over a decade, allowing for the slow flatline and decline of Tunisia's economy. This hit the youth of Tunisia brutally as it set the precedent that they would never any change in the socioeconomic situation of their country. After the revolution brought forth democracy and started the Arab Spring, many Tunisians youths, at the time, were hopeful about their economic future: anxious for the economic prosperity traditionally promised by democracy. However, as explained, due to poor governance (among other factors, of course) economic prosperity did not follow and unemployment just continued to increase. This had devastating effects on Tunisia's political climate, but more relevantly, created the pervasive and brutal sense of pessimism still prevalent in Tunisia today. While the revolution was nearly a decade ago, Tunisians still refer to it as a driving force for their leaving the country, demonstrating how this culture of disappointment still lingering is collectively moving educated Tunisians to leave their country.

Ines Gueriri, LXX

Why are Developed Nations so Hesitant to Invest in Africa?

Introduction

The narrative of an improvised continent, riddled with political instability, crawling economic growth, widespread unemployment and low literacy rates is one closely associated with the Africa. Of its fifty-four nation states, only Botswana in 1994 and Cape Verde in 2007 have met the minimum requirement to shrug off the title of being a Less Economically Developed Country (LEDC) as defined by UNCTAD. Nonetheless, economists broadly propose two central schools of thoughts to elucidate Africa's poverty - the ideology that African nations are poor because they lack the basic investment opportunities and financial capital to sustain economic sustainability and development (Barro, 1991) or accredit it to the rampant autocratic rule and absence of fruitful democracies – but for the purpose of this essay, the poor investment theory takes precedence.

However, the lack of foreign investments to African countries has been the centre of economic discourse spanning decades long. When behaving rationally, individuals are incentivised to save and invest their capital their money in economies where they would returns-on-investments. However, economists Feldstein and Horioka's (1980) findings determined that such was not the case among OECD countries. Perplexingly, a direct correlation between saving and domestic investments was concluded, with individuals opting to invest in their nations, irrespective of the unprofitability derived from this, leaving African states without adequate investment despite their skyrocketing economic growth recorded in recent years. In this essay, I will investigate the western world's hesitance to invest in Africa - paradoxical in a modern era defined by liberal objectives which promote international cohesion, financial movement and interdependence.

Relationship between economic growth, domestic savings and investments

All the disparities between LEDCs and OECD countries can be accredited to the growth rates of their economies. The correlation between economic growth and investments has been comprehensively discussed by scholars, with most growth models an extension of Solow's exogenous neoclassic baseline growth model, which requires physical capital investment for economic growth as opposed to more endogenous models which emphasise the need for human capital (Barro 1991, Mankin et al, 1992). Due to Africa's post-colonial uniqueness relative to other economies, scholars introduce have introduced a dummy figure to try and account for its differences with a singular negative coefficient; but this methodological limitation grossly makes the assumption that fifty-four economies operate in the same manner.

Nonetheless, it is no hidden fact physical and human capital are not scare commodities in Africa, and the earliest observations of this anomaly were by Jeffrey Sachs and Andrew Warner who noticed that countries with high levels of natural resources recorded in ration to GDP had slower economic growth between 1971 and 1989 (Sachs & Warner 1990), leading to Richard Auty coining the term of 'the paradox of plenty' in 1993 (Ross, 2015) to expatiate on this phenomena, which often occurs with the exclusive dependence on the extraction of a non-renewable resource and a misgovernment of resources by the public sector and a lack of economic diversification and foresight. With this, we can go on the to make the first assumption: developed nations' hesitance to invest in Africa may be a result on the low returns they record on their own readily available resources.

Another line of analysis attributes domestic savings to be the driving force of an economy. When treated as separate entities, Papanek's cross country regression analysis of 51 countries in the 1960s shows that the savings rates explain about a third of economic growth, significantly higher than both foreign aid and foreign investment. Basic textbook economics highlights the link between economic growth and savings, which economic agents more incentivise to save during moments of economic prosperity from increases in wealth and rising incomes if considering future expectations. Although formal financial systems do exist in African economies, Africa's large informal sector is assumed to hold high levels of financial resources which do not go through them, accounting for high earnings which could have been formally saved in banks and other financial institutions (UNC 2022) However, unproductive military regimes after independence in my countries saw the impounding of many people's assets and property, causing many to distrust financial institutions and abstain from utilising conventional means of saving, making less capital available for borrowing and domestic investment by firms. It is to no surprise that this lack of political stability caused by autocratic governments has been a deterrent to any potential foreign investors.

Dead aid

Investments and international aids have undoubtedly become synonymous in recent times as measured in placed by OECD nations to support Africa, but their supposed effectiveness is the study of Zambian economist, Dambisa Moyo's 2009 book "Dead Aid: Why Aid is not Working and How There Is Another Way to Help Africa", where she takes an unprecedented upfront approach to accredit western aid as detrimental, as opposed to the 'white-saviour' and humanitarian narrative often taken, as she merely regards it a convenient avenue to avoid investing under the pretence of charity and a political strategy of promoting western soft power in Africa to encourage trade agreements which primarily benefit them, in a modern era of neo-colonialism. Moyo points out that despite decades of receiving substantial aid, many African countries continue to face economic challenges.

One of Moyo's key arguments is that the constant inflow of aid can create a dependency mindset among recipient nations. Instead of encouraging self-sufficiency and fostering economic independence, reliance on aid may lead to a cycle of perpetual assistance, supporting her her claims underscoring the importance of economic self-determination for African nations as according to her data, between 1970 and 1998, sub-Saharan Africa received over $540 billion in aid, and yet, the region experienced negative economic growth during this period.

The book also delves into the impact of aid on governance in African nations. Moyo contends that the influx of aid can undermine accountability and transparency, as governments may become less reliant on their citizens for revenue. She supports this assertion with examples of corrupt practices in aid-receiving countries – such as Nigeria's 'fund-eating' snakes and 'money-grabbing' monkeys, with such fictional stories possibly being humorous if one reads them without the context of that being an excuse to missing funds - as it is no hidden secret that corrupt governance in Africa is commonplace, with colonial masters leaving their former territories without adequate training and resources on how to govern themselves.

To provide an alternative perspective, Moyo advocates for increased foreign direct investment (FDI) and the development of capital markets as more effective ways to stimulate economic growth in Africa. She suggests that these approaches can provide African nations with the necessary capital to finance projects and create jobs, ultimately fostering self-sufficiency.

Modern means of dependance

All research and arguments unanimously lead to the same conclusion; in order for Africa to develop, foreign investment is required to increase factor productivity to an extent which it simply lacks the resources to do so independently. Yet despite developed nations typically acting as rational consumers, Africa's high returns on investment fails to incentive them to do so, even though it fundamentally outweighs the perceived risks of political uncertainty and security concerns – leading many African scholars to adopt a new approach; perhaps developed nations do not aspire for the continent's economic independence despite presenting as though, in a phenomena known as Neocolonialism which 'can be described as the subtle propagation of socio-economic and political activity by former colonial rulers aimed at reinforcing capitalism, neo-liberal globalisation, and cultural subjugation of their former colonies' (Afisi, undated).

It is neocolonialism that explains France's tradition of paternalism and its refusal to release capital of fourteen former colonies held in their reserves, despite their sovereignty, $500 billion derived from a 'colonial' tax and $350 billion garnered from controlling the CFA Franc used in Central and West Africa, while only accepting euros as their own form of currency (Committee for the Abolition of Illegitimate Debt, 2022)

Conclusion

In conclusion, I believe OECD nations – especially past colonial masters – have the civil responsibility of increasing FDI to African nations as a form of reparation for the exploitative measures against the continent which extends far greater than can be covered in this easy, to ensure that Africa is potentially given the chance to someday grow economically to sustain its swiftly multiplying population and pay off its large-interest accumulating debt.

Jadesola Okunubi, LXX

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Analysis of the effect of foreign aid on the economic development in Africa

The relationship between foreign aid and economic growth in Africa is a topic that if often debated over due to there being both positives and negatives to foreign aid. Foreign aid has played a very important role in assisting economic development across Africa. The aim of foreign aid is to lift economies, enhance social wellbeing and to cultivate sustainable development.

Foreign aid has many positives on Africa, such as development of infrastructure, human capital and emergency relief. Foreign aid can boost infrastructure development, helping to provide essentials such as roads, healthcare facilities and schools, all of which can positively impact economic growth. Creation of better roads and transport links will help improve the movement of goods, reducing transport costs and increasing the efficiency of supply chains. This will boost productivity and allow businesses to operate in more markets, positively impacting economic growth. Good quality infrastructure can also attract investors and the construction of infrastructure creates job opportunities. It is also more resistant to damage from natural disasters. Access to healthcare and education can help to improve the quality of workforce, increasing efficiency and GDP, contributing to human capital improving. Whilst emergency relief has immediate positives, it also has further effects of the economy. Healthcare and medicine provided by emergency relief can reduce disease and spread of disease, preventing a decrease in the supply of labour which in turn reduces productivity, reducing GDP. Livelihoods are also protected. Emergency relief also positively impacts human capital due to its provision of education and healthcare. Community support provided by relief can help to prevent conflict or displacement within communities that can affect trade and cause economic difficulty. Alongside providing immediate relief, the long-term positive impacts on the economy help to rebuild and lay down foundations for long term development in Africa.

Although there are many positives to foreign aid, it can also have negative effects. Countries may become dependent on foreign aid to help them grow and develop, which results in them not have economic self-sufficiency and hindering development of sustainable domestic revenue sources. Foreign aid is at risk of causing corruption on a country if it is not properly managed, as funds are at risk of being diverted away from their intended purposes. Many projects using foreign aid do not involve the local communities and so run the risk of missing the needs of the community when projects are managed incorrectly. A lack of communication and following the correct protocol can cause an increase in the likelihood of corruption also. Whilst it is true that many foreign aid projects have been successful, stronger governance, more transparency and improved accountability mechanisms are needed to reduce the risk of corruption. When foreign aid impacts the economic sector positively, there is a chance that 'dutch disease' will begin to impact the country. Dutch disease is where the improvement and appreciation of the local currency can harm other sectors of the economy and make them less competitive. Dutch disease can cause the manufacturing sector to become less competitive as there are now higher costs, so it will have decreased importance on the overall economy. The benefits of resource wealth may not be evenly distributed, leading to increased income inequality. This is often due to the concentration of economic activities and wealth in the resource sector, leaving other segments of the population without significant economic opportunities.

It is clear to see that there are both positive and negative effects of foreign aid on the economic development of Africa, and it will continue to be a heavily debated topic, with it being successful in some countries more than others. There have been some varied results from country to country on whether it was a success or not. The key factors that effect this result tend to be the strength and reliability of the government, as this can lead to corruption and poor management, quality, and the effectiveness of delivery mechanisms. Another part of foreign aid that is commonly debated is the long-term vs short term impacts, in which is more important, and which is more successful. Assessments and reports vary on this subject area but suggest that it differs based on the country, its needs and the aims of foreign aid.

Rosie Guard, LXX