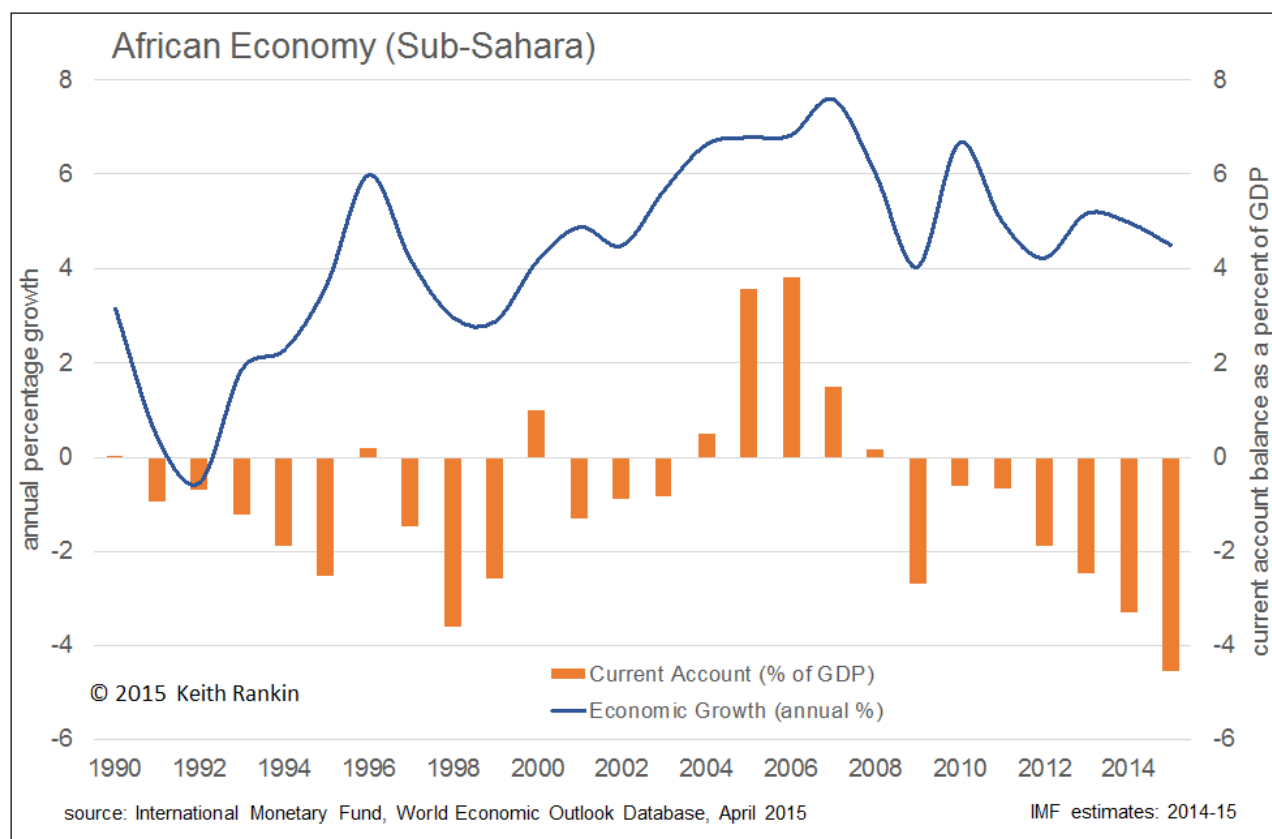


Chart for this Week: African Economy

Keith Rankin, 2 September 2015



[African Growth and Balance of Payments. Emigration Clues?](#)

The flood of immigration into Europe is becoming the number one news story; and once again a story that few people seem to have a clue about. There are two main streams of immigrants, one from Sub-Saharan Africa by way of Libya and Italy. The other from south-western Asia—Syria through to Bangladesh—by way of Turkey and Greece.

We tend to always assume negative images of African poverty and violence. This assumption seems to be affirmed by so many more Africans than ever before migrating to Europe in perilous circumstances. Who would choose to endure six hours in a leaky boat? At best their future is uncertain. At worst it is death.

There are particular issues at present of civil war in South Sudan, and who-knows-what in Eritrea. And organisations with some affiliation to Islamic State have been active in Mali and in pockets of Nigeria and Cameroon. More importantly, Libya is no longer a place for people from south of the Sahara to wait and work. But that's been so for three years. Yet these particular factors can only explain a portion of the growing flood of African migrants.

This week's Chart shows annual economic growth in what we once called "Black Africa". It's high, between 4% and 8% every year this century, much higher than in the west. From 2005-07 we see the high growth associated with large current account surpluses, indicating high export commodity prices. Since 2012 the balance of payments has been showing significant and increasing deficits. 5% annual growth has been funded by financial inflows from places like Europe and China, not by exports.

The money is coming into these countries via different channels, and as debt, rather than as income to the elite rich. It looks to me as if ordinary people in Africa are borrowing money to much a greater extent than in the past, and that this borrowed money may be financing, among other services, a migration industry. (Also, the migrants from southwest Asia also clearly have money; albeit borrowed money in many cases.)

The African economic picture suggests that a combination of demand and supply is driving the new migration; not demand alone. Desperation for a better life is nothing new. The economic means in Africa to actualise a perceived better life – on a large scale – is new.
