CHAPTER 1

Introduction

GDP in Africa is growing on average yearly by 5 to 6% (World Bank 2015a), but most of the population remains at the subsistence level and below. Economic growth benefits few people in Africa.

The main economic activity is still in the growing informal sector which employs most of the population under unsecured contracts without any social rights. Small businesses are not able to invest, grow and globalize.

The middle class is small and so local consumption cannot contribute to economic growth. Cars have hundreds of kilometres in the counter. Taxis fill the tank only when the customers enter the cab and pay for the travel. No running water or electricity is available for most of the population.

Peoples' economy means economic development that is population oriented, sufficient accommodation for many, less informal and more formal economy able to pay fair salaries with social rights such as medical insurance and pension, and a larger middle class which will be able to contribute to the improvement of the economic situation.

There is a growing interest in Sub-Saharan Africa countries not only from the United States, the European Union, Japan and Russia but also from developing countries such as China, India and Brazil. The common interests of those countries are oil, mining, natural resources such as wood, cocoa, cotton, coffee and arable land, and the growing local consumption. Industrialization is mainly based on unskilled manpower and local raw materials. Its impact on economic growth is very limited.

I. Bijaoui, *Multinational Interest & Development in Africa*,
DOI 10.1007/978-3-319-48914-8_1

Our objective is to propose economic development by improving the added value to the local population by generating common economic interests with multinational companies (MNCs) in the local and the global market.

Exports of raw materials generate revenues mainly for MNCs, few local formal firms, some workers and governments. This economic activity increases inequality between the few who receive the main share of the added value and the many who receive less and less because they are more and more numerous. More inequality generates a wider informal economy and more poverty. This vicious circle can be broken only if governments get involved in more investment in the local economy in order to be able to generate higher added value in local economic sectors such as agriculture, food processing and construction, supplying the basic needs of the population.

Reference

World Bank. (2015a). *Trade and competitiveness global practice*. Washington, DC: World Bank.