IMF Promotes Free Markets, Private Sector in Africa

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William Easterly ("Africa's Poverty Trap," March 23) errs in saying the International Monetary Fund doesn't emphasize the importance of free markets and the private sector in ending African poverty.

In fact, in an op-ed this month in a prominent African daily newspaper, IMF Managing Director Rodrigo de Rato emphasized private- sector development as a "key task" for the region, noting "in the long term, it is private investment that will drive economic growth and create jobs in Africa, as it does elsewhere."

Mr. de Rato added that state intervention in "excessive reliance on licenses, restrictive employment rules and opaque transactions with the government" were hindrances to private-sector activity in Africa.

In November, the IMF helped organize a conference in South Africa at which African policy makers discussed the importance of financial markets to the region's development. John Lipsky, the IMF's first deputy managing director, stressed there that financial markets would grow if countries addressed structural obstacles such as "the absence of adequate property rights and weaknesses in the business environment."

We part company with Mr. Easterly in his pooh-poohing of the poverty-reduction strategies of African governments. Strategies owned and developed by the countries themselves are an important part of the effort to reduce poverty.

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