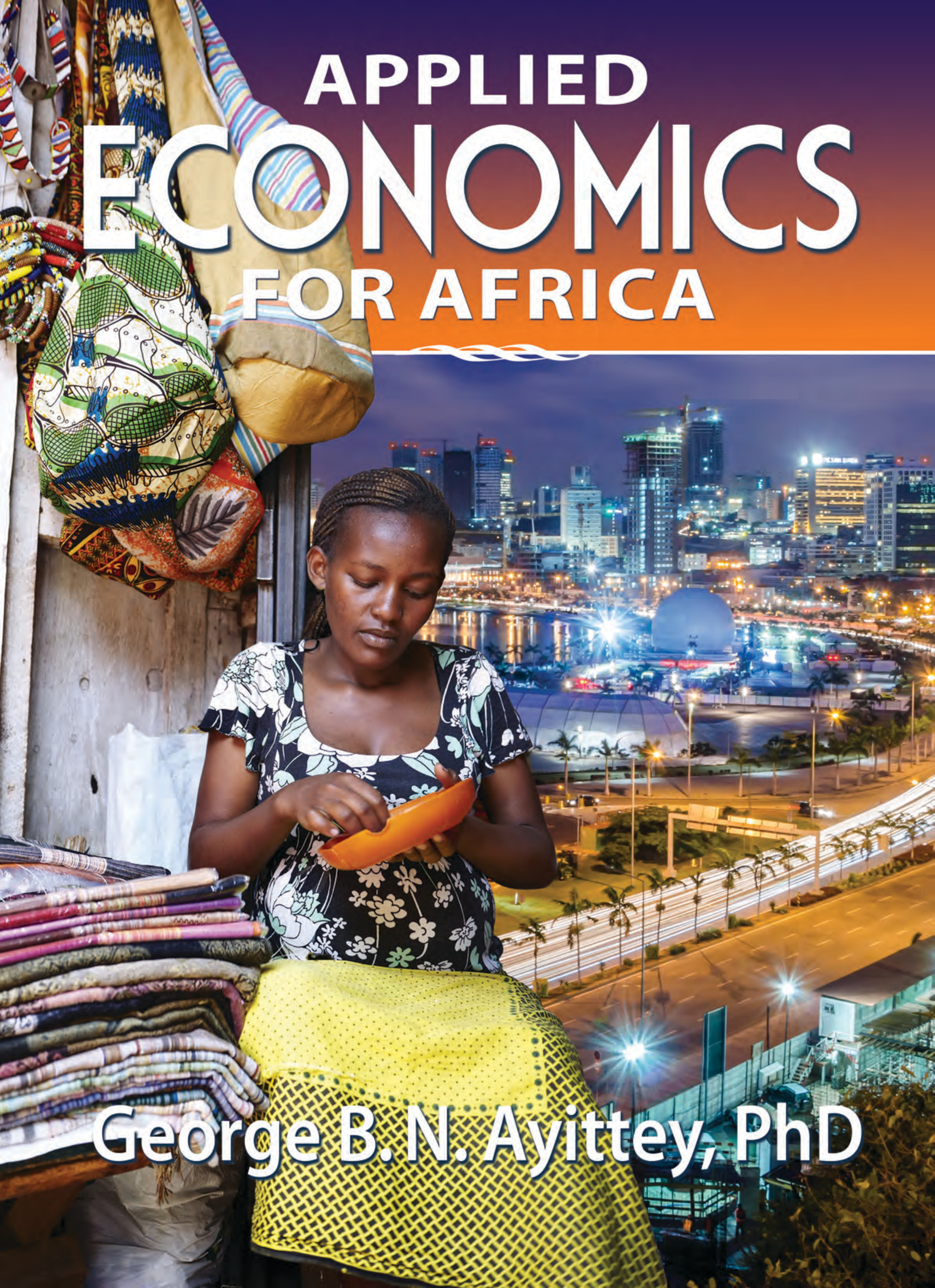
APPLIED
ECONOMICS
FOR AFRICA
George B. N. Ayittey, PhD

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Table of Contents

Foreword . . . vii

Acknowledgments . . . ix

Chapter One
OVERVIEW . . . 1

Chapter Two
THE ECONOMIC PROBLEM . . . 17

Chapter Three
MARKET INTERVENTIONISM . . . 29

Chapter Four
THE TRADITIONAL AFRICAN ECONOMY . . . 63

Chapter Five
THE AFRICAN DEVELOPMENT CONUNDRUM . . . 83

Chapter Six
THE ENDURING LESSONS . . . 129

Chapter Seven
THE REAL OBSTACLES TO AFRICA'S DEVELOPMENT . . . 187

Chapter Eight
FIXING AFRICA . . . 229

Chapter Nine
THE NEW DEVELOPMENT MODEL . . . 263

Chapter Ten
EPILOGUE AND CONCLUSIONS . . . 291

Appendix One
THE MILITARY SCOURGE IN AFRICA . . . 339

Appendix Two
MORE ON CONSTITUTIONAL REFORM . . . 349

Appendix Three
THE UNSUSTAINABILITY
OF RWANDA'S ECONOMIC MIRACLE . . . 359

Endnotes . . . 365

About the Author . . . 370

Bibliography . . . 371

Index . . . 378

Answers to Review Questions . . . 388

Foreword

Economics is full of surprises. Its foundations might at first glance seem counterintuitive, but they have proved themselves true, again and again in practice. People in countries where citizens and their governments understand economics have higher standards of living and more personal liberty than do people who have the misfortune to live in countries where these principles are ignored or misunderstood.

Dr. George Ayittey understands these principles, and *Applied Economics for Africa* shows exactly how ignoring them has contributed to the struggles Africa faces today. This book demonstrates that the key to Africa's development lies in building upon "its own indigenous heritage of participatory democracy based upon consensus (under the chiefs), free village markets, and free enterprise."

A key institution for good is "the market"—a physical or virtual location where people voluntarily meet to buy and sell goods . . . as occurred for centuries in Africa's history. The great eighteenth-century British economist (and early opponent of colonialism) Adam Smith discovered an astonishing property of markets in which buyers and sellers are freely able to pursue their interests: such markets produce outcomes that benefit not only buyers and sellers (their only intention) but also other participants in the market (not their intention). Smith's finding of "beneficial unintended consequences of self-interested individual behavior" illustrates one of Milton Friedman's favorite "laws": the "law of unintended consequences." Smith nicknamed the force that produced these good unintended consequences the "invisible hand."

Forces powering Adam Smith's invisible hand are competition and prices. Competition limits market power. It makes producers who charge prices that are too high vulnerable to new entrants, who are free to charge lower prices and thereby take business away from higher priced and less-efficient producers. Prices are signals that direct profit-seeking producers to where goods can be sold at a profit, and away from where they would be sold at a loss. Freedom to enter or leave markets induces producers to produce things consumers want and reallocate resources away from what they don't want.

Magic and mystery seem to suffuse a market economy because the answer to "Who planned those good outcomes produced by a free-market economy?" is "Nobody." Instead, good outcomes emerge from an entirely decentralized system in which the only restraints on self-interest are that buyers have to find sellers willing to sell to them and sellers have to find buyers willing to buy. I confess: it took me a long time to appreciate fully the subtlety, beauty, and widespread ramifications of the invisible hand.

A term sometimes used in place of "free-market economies" is "capitalist mode of production," a term that was extensively employed by mid-nineteenth century economists Karl Marx and Friedrich Engels—later termed "capitalism." The term is peculiar because of its potentially misleading emphasis on one factor of production—physical and financial capital—leading us to neglect equally important roles played by other necessary factors such as labor, land, and education or "human capital." Marx and Engels thought they had detected a fatal flaw that would lead the market system to collapse after a gigantic financial crisis. Sooner or later they believed a new situation would arise in which markets would vanish entirely because scarcity would end and goods could be distributed solely according to "need." Followers of Marx and Engels called the eco-

nomic system they thought would succeed market economies, "communism." They said little about how communism or socialism would operate, being preoccupied with analyzing what they said were fatal defects of market economies.

It's important to be careful with words—the totalitarian "communism" enforced by Lenin, Stalin, and Mao did not resemble at all the pleasant form of "communism" that Marx and Engels had anticipated. The Lenin–Stalin–Mao system was a "planned command economy" in which an all-powerful central planner told everyone in the economy what to produce, where to work, and how much to consume. In the Stalin–Mao system, liberties of the market were to be replaced by subservience of individuals to a wise central planner.

When Lenin and Stalin implemented their form of communism, they promised it would eliminate instability and make people better off in terms of the goods and services they would receive from the state; that promise was not fulfilled. In exchange for the physical repression needed to enforce commands, citizens of twentieth-century communist economies in Russia and China got widespread poverty, punctuated by episodes of mass starvation.

Meanwhile, market economies in the United States, Western Europe, and other parts of the world prospered. All their social and economic classes became wealthier. This belied Marx and Engels's prediction that market economies were fated to collapse.

By the late 1970s, after the death of dictator Mao Zedong, life-long communists in China with a practical bent noticed the failure of Marx and Engels's prediction and how Stalin and Mao's brand of communism had impoverished China. Thus, near the start of the "opening up" of China in the early 1980s, its leader, Deng Xiaoping, asked his economic advisors: 1) Why did capitalism not fail? 2) What is the current situation in China? and 3) Where should China go?

Judging from the government decisions that he presided over, Deng likely received these answers: 1. Marx and Engels were dead wrong, maybe partly because leaders of market economies figured out how to tame financial crises and allow markets to work their magic, as Adam Smith said. 2. China is an impoverished, backward economy. 3. Learn from what Western economies did: allow free markets and individuals freedom to choose their occupations and goods they buy and sell.

Those answers are what must have led Deng and his colleagues to create "communism with Chinese characteristics." They made clear that they meant a large and increasing role for free markets and international trade of goods and ideas.

A similar story can also be told about India, which had taken a less drastic form of socialism, but which had a state-dominated economy, with many nationalized industries and a complex system of bureaucratic permissions. The system known as the "License Raj" kept India poor for four decades. In 1991, measures were taken by a democratically elected government to free entrepreneurs and businessess from controls, to eliminate most licensing requirements, and to open the country to foreign trade and investment. The results were impressive, as new industries were founded and millions of people left poverty behind to join the middle classes.

Other countries that had been kept in poverty by socialist controls have joined the trend toward freer markets—such as the formerly communist countries of Eastern Europe, Cambodia, and Vietnam—at varying rates, but all with noticeably positive outcomes.

The book you hold in your hands is Africa's economic story. It too has an abundance of failed socialist policies, but with the rise of what Dr. Ayittey has termed the "Cheetah Generation"—young entrepreneurs with vision to apply the principles in this book—the promise of a brighter future has never been stronger. Dr. Ayittey artfully uses examples familiar to African readers to explain with remarkable clarity the useful tools of economics to understand the complex reality around us.

This is a powerful introduction to the practice of market economics. The theory is intellectually beautiful, all the more so because it has proved so useful around the world. May it prove so in Africa as well.

Thomas J. Sargent
Professor of Economics and Business
at New York University
Nobel Prize Laureate in Economic Sciences

Acknowledgments

It is always difficult to state categorically any position on an African issue as it is bound to be controversial. In my struggles to reshape the intellectual debate on Africa, various individuals (both Africans and non-Africans), foundations, institutes, and agencies have provided me with unflinching support and encouragement. I owe each one of them a ton of gratitude.

Much of the debt is owed to Atlas Network in Arlington, Virginia, for goading me to write this book and providing crucial editorial services. In particular, I must express profound gratitude to Brad Lips and Tom Palmer. Dara Ekanger provided superb editorial work for which I am deeply grateful. There were others as well. The J. M. Kaplan Fund in New York was extremely helpful, as was the Cato Institute in Washington, DC.

The board of directors of The Free Africa Foundation, its staff, scholars, and associates must also be mentioned. A special gratitude is owed to Emmanuel Odamtten, an administrative assistant at The Free Africa Foundation, for his diligence, steadfast support, and research. He meticulously and painstakingly combed through the manuscript to flag down inconsistencies, typos, and grammatical errors.

Also deserving of mention are the supporters of the Foundation—in particular, Keith Colburn, Phil Harvey of DKT International, and Robert Fox of RAF Industries. Mary Kaplan of the J. M. Kaplan Fund and John Richard of Essential Information have also been extremely supportive.

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Last but not least have been the numerous Ghanaians and other Africans who have shown unflappable support for my work and writings. Worthy of mention are Dr. Shaka Ssali of *Straight Talk Africa*, Mohamed Idris, Dr. Charles Mensa, Ablorh Odjijah, G. B. K. Owusu, Vivian Boafo and many, many others. Vivian was particularly understanding, putting up with my long hours at work. I am deeply grateful.

In the final analysis, however, all the views expressed in this book are my own, and any errors or misstatements are my sole responsibility.

George B. N. Ayittey, PhD
Washington, DC
USA
March 2018

Chapter One
OVERVIEW

The Importance of Economics

Economics was once referred to derogatively as the "dismal science." One wag once claimed that if you corralled a roomful of economists, they would argue till kingdom come. Some of the criticism is deserved because economics deals with people and not robots. Human beings can be flighty and finicky. Although economists assume that people are rational, that assumption does not always hold true. The problem is compounded by the fact that economic statistics or data are always difficult to compile and not particularly reliable, especially in Africa. This makes it particularly hazardous to make economic forecasts. In fact, there is always a difference between forecasted and actual measured growth. According to John Kenneth Galbraith, the only function of economic forecasting is to make astrology look respectable. We shall return to this topic again in distinguishing between applied and theoretical economics. Nonetheless there are still five important reasons to study economics.

The first and most obvious reason is that it makes you world-wise and helps you understand what is going on around you; for example, Why do countries trade? Why does the price of oil keep rising? Will the world run out of oil? Diamonds are not essential for life, yet they are more expensive than water—why?

Second, it helps you better plan your budget, life, and career. For example, suppose your income is 60,000 *kwachas* and you received a 10 percent increase in your wages. Would you consider yourself better off? Obviously, if your income has gone up by 10 percent and prices have gone up by 30 percent—that is, the rate of inflation is 30 percent—then you are worse off, because your income will now buy *fewer* goods and services. Most people with an understanding of economics will know what inflation is and how it is computed. They will also know what careers offer them better income earning opportunities and what sort of salary increases would make them better off.

Third, it will also help you understand government budget policies. Why does the government have a budget? What is the source of government revenue? Obviously, taxes are the main source—income taxes, excise taxes, import duties, custom duties, and other levies. What happens if the government spends more than its income? What's a budget deficit? How is a deficit financed?

Fourth, knowledge of economics helps one understand economic development, or "development" for short. The primary preoccupation of all African governments is to transform their countries from developing to developed countries. It requires raising income per capita from, say, $200 per capita to $2,000 a year. Income per capita is what each person would get in a year if the national pie were divided equally among all citizens. Income per capita is generally taken to measure economic welfare. A higher income per capita generally means a higher standard of living. Achieving this requires growing the national pie or increasing the gross national product (GNP or economic growth).

Most people with some instruction in economics understand that economic growth is generated by investment—both domestic and foreign. However, investment does not occur in a vacuum but in what is called an "enabling environment." An African government may draw up a fancy investment code and roll out a red carpet to woo foreign investors. But those investors may not come if the business or investment climate is not conducive enough; for example, taxes may be exorbitantly high or the country may be engulfed in a civil strike or war. In other words, there are non-economic factors that affect investment too.

Profiles of Some Famous African Economists

Finally, a degree in economics offers excellent career opportunities. A student of economics can become a lecturer or professor, a government minister, or even the head of state. The following people are famous economists, arranged alphabetically:

- Ernest Aryeetey, vice-chancellor, University of Ghana
- Dr. Makhtar Diop, World Bank vice president for Africa Region
- Dr. Mo Ibrahim, former CEO of Celtel and now a philanthropist
- Donald Kaberuka, president of the African Development Bank
- Thabo Mbeki, former president of South Africa
- Ngozi Okonjo-Iweala, Nigeria's minister of Finance
- Ellen Johnson Sirleaf, president of Liberia

Ernest Aryeetey, Vice-Chancellor, University of Ghana

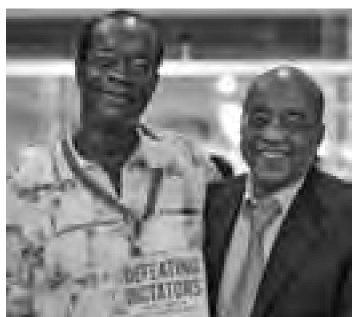
As vice-chancellor, **Dr. Aryeetey** is the chief executive officer of the University of Ghana, responsible for providing strategic direction of the university and for driving growth and development as well as other goals of the university.

He received his BA from the University of Ghana and his PhD in economics from the University of Dortmund in Germany. He returned to Ghana, serving as the director of the Institute of Statistical, Social, and Economic Research (ISSER) of the University of Ghana before becoming vice-chancellor of the university.

Makhtar Diop, Vice President, Africa Region, World Bank

Dr. Makhtar Diop is the World Bank's vice president for the Africa Region. He has been in the position since May 2012. Before taking up this position, he was the World Bank country director for Brazil between 2009 and 2012, and previously held the positions of director of Strategy and Operations of the Latin America and the Caribbean Region, and sector director for Finance, Private Sector, and Infrastructure in the same region. Between 2002 and 2005, Dr. Diop was the Bank's country director for Kenya, Eritrea, and Somalia. Prior to joining World Bank, he worked at the International Monetary Fund, and served as minister of Economy and Finance in Senegal.

Dr. "Mo" Ibrahim is a Sudanese-British mobile communications entrepreneur and billionaire who worked for several telecommunications companies before setting up his own Celtel, which had over 24 million mobile phone subscribers in fourteen African countries. After selling Celtel in 2005 for $3.4 billion, he set up the Mo Ibrahim Foundation to encourage better governance in Africa, as well as created the Mo Ibrahim Index, to evaluate the performance of African countries.



Dr. George B. N. Ayittey (the author) and Dr. Mohamed "Mo" Ibrahim

In 2007, he initiated the Mo Ibrahim Prize for Achievement in African Leadership, which awards a $5 million initial payment and a $200,000 annual payment for life to African heads of state who deliver security, health, education, and economic development to their constituents and democratically transfer power to their successors. Dr. Ibrahim has pledged to give at least half of his wealth to charity. Unfortunately, the prize was not awarded to any African leader for six years (2009, 2010, 2012, 2013, 2015, and 2016). Asked about the prize and if he would step down from power in 2013, President Yoweri Museveni of Uganda retorted, "What an insult!"

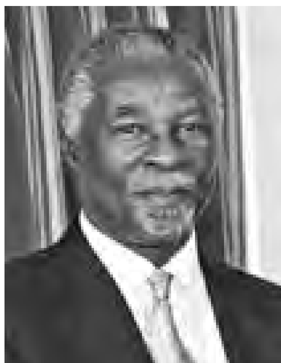
In 2007, Ibrahim was awarded an honorary doctorate in economics by the University of London's School of Oriental and African Studies, and in 2011, he received an honorary doctor of laws degree from the University of Pennsylvania.

Donald P. Kaberuka was born in Byumba, Rwanda, and studied at the University of Dar es Salaam as an undergraduate. He obtained his MPhil in Development Studies from University of East Anglia. He received his PhD in Economics from the University of Glasgow.

Donald P. Kaberuka, President of the African Development Bank

He worked in banking and international trade for over a decade. In October 1997, he was appointed minister of Finance and Economic Planning in Rwanda. Kaberuka served in that position

for eight years. In 2005, Kaberuka was elected president of the African Development Bank (AfDB).


Thabo Mbeki, Former President of South Africa

Thabo Mbeki is a South African politician who served as president after Nelson Mandela retired in 1999.

The anti-apartheid supporter rose within the political ranks of the African National Congress. He served two terms as the second president of South Africa after Nelson Mandela. Mbeki was the second child of Govan Mbeki and Ma Mofokeng. In 1953, a fire destroyed Mbeki's kraal and family shop, prompting his father to migrate to Johannesburg in search of work. As a young teen in 1955, at Lovedale College, Mbeki developed an interest in politics. He joined several student political organizations, including the African National Congress Youth League at age fourteen.

In 1961, in Johannesburg, Mbeki met Nelson Mandela, who advised him to further his education outside of the country. Mandela believed Mbeki's life was in danger due to his political beliefs and affiliations. Mbeki left for London and enrolled in the University of Sussex, graduating with a master's degree in economics in 1966. The following year Mbeki started a job with Communist Party leader Yusuf Dadoo at the African National Congress offices in London. In 1969, he moved to Moscow to study at the Institute of Social Science.

Ngozi Okonjo-Iweala, Nigeria's Former Minister of Finance

Ngozi Okonjo-Iweala was educated at Harvard University, graduating magna cum laude with a BA in 1977, and earned her PhD in regional economic development from the Massachusetts Institute of Technology (MIT) in 1981. She received an International Fellowship from the American Association of University Women (AAUW) that supported her doctoral studies.

She is a globally renowned Nigerian economist best known for her two terms as finance minister and for her work at the World Bank, including several years as one of its managing directors (October 2007–July 2011). She briefly held the position of foreign minister of Nigeria in 2006.

In 2007, Okonjo-Iweala was considered as a possible replacement for former World Bank President Paul Wolfowitz. Subsequently, in 2012, she became one of three candidates in the race to replace World Bank President Robert Zoellick at the end of his term of office in June 2012. On April 16, 2012, it was announced that she had been unsuccessful in her bid for the World Bank presidency, having lost to the US nominee, Jim Yong Kim.

Ellen Johnson Sirleaf, former President of Liberia

Former Liberian President **Ellen Johnson Sirleaf** is often described as the world's first elected black female president and Africa's first elected female head of state. A graduate of the College of West Africa at Monrovia, she went on to receive her bachelor's degree in accounting from the Madison Business College in Madison, Wisconsin; a degree in economics from the University of Colorado at Boulder; and a master of public administration degree from Harvard University. She returned to serve in the government of her native Liberia. A military coup in 1980 sent her into exile, but she returned in 1985 to speak out against the military regime. She was forced to briefly leave the country again. When she won the 2005 election, Johnson Sirleaf became the first female elected head of state in Africa. In 2011, she was one of a trio of women to win the Nobel Peace Prize.

Layout of the Book

Economics is a very important subject but the main problem in teaching it in Africa is making it less esoteric and more relevant to the students. There are three reasons for this difficulty. First, most of the economic textbooks are written by foreign authors, using foreign examples, which makes it difficult for African students to relate to. For example, it is hard to talk about the stock exchange as a means of raising capital when very few African countries have a stock market. Similarly, it is difficult to talk about oligopolistic firms when the main players in the economic field are state monopo-

lies. It should be mentioned, however, that this trend is changing and more and more economic textbooks are being written by Africans for African students.

Second, it is difficult to measure economic statistics in Africa. For one thing, data collection systems are not well developed and for another, many economic activities are not counted because they do not go through the formal marketplace—for example, many of the informal sector activities such as bicycle repair, bakeries, tailoring, and so on. Therefore, it is difficult to compute GDP per capita and to explain what it means.

The third problem is the reliability of the economic data collected. If the data is not reliable, it will be impossible to make economic forecasts. This is even a problem when the data is sound. "In 2014, GDP growth in South Sudan was either 5% or 36%, depending on whether you believe the IMF or the World Bank. Estimates vary wildly because African industrial surveys are often out of date and many national-statistics bodies treat their economies as if they had not changed in decades" (*The Economist*, July 25, 2015; 67).

Fourth and finally, the whole body of economic theory has been built on various assumptions and premises. If some of these assumptions do not hold, then what that theory predicts will be far from what happens in reality. For example, consumer theory assumes that consumers are rational and have access to information about prices and can compare them in order to make the best bargain. But what if consumers are not rational and do not have access to all the information that they need?

As a result of these difficulties, what is taught or predicted by economics textbooks may be vastly different from what actually happens in reality. Therefore, there is certainly a need to distinguish between economic theory and applied economics. This book assumes that readers are familiar with standard economic theory and proceeds with the discussion on the applied side.

Chapter 2 examines the basic economic problem which all societies must address—what to produce, how much, and for whom. All societies—capitalist societies, communist societies, and traditional African societies—must answer these questions. In capitalist and traditional African systems, the economic problem is solved through the market system. But the market takes different forms in the two systems. Obviously, one would be hard-pressed to find a supermarket or a mall in traditional Africa. Nonetheless, the market system is quite efficient in solving the economic problem in both systems. "Efficient" means solving the problem without creating any wastes or shortages. Unfortunately, the free market is seldom allowed to perform its allocative functions. This is the subject of Chapter 3.

Chapter 3 examines how the economic problem is resolved in capitalist economies, paying particular attention to distributional efficiency, equity, and fairness. Too many governments—in both developing and developed countries—interfere with the smooth operation of the market. For arcane, self-serving, and often political motives, a government may set minimum wages and fixed prices, including the exchange rate, in order to placate certain special interest groups, such as workers, farmers, or consumers. But quite often, state interventionism hurts the very people the government set out to protect. For example, price controls create shortages. If a loaf of bread ordinarily sells for three kwachas and the government decrees that it must be sold at one kwacha, bread would vanish from the market instantly. There are two reasons for this. First, now that bread is cheaper, those previously purchasing it at three kwachas will now buy more. Second, the bakers, who were supplying bread at three kwachas, will now supply less. The combination of the two—more demand and less supply—would create a shortage. Obviously a consumer who cannot find the commodity to buy—regardless of the price—is not going to be happy. We shall also look at many other controls African governments resorted to, which not only hurt consumers, but also helped ruin their economies.

Chapter 4 looks at economic systems in traditional Africa—in particular, ownership of the means of production and the role of women in the distribution chain. There is much myth regarding these systems in Africa. For example, communal ownership of land is just that—a myth. But this chapter is fundamentally important, not just to dispel myths but also for two other reasons. First, it describes what is there at the grassroots level. Clearly, one cannot talk about grassroots development if one does not understand what exists at the grassroots level.

The various means of production in traditional Africa are privately owned. Huts, spears, and agricultural implements are all private property. Whereas in the West, the basic economic and social unit is the individual, in traditional Africa it has been the extended family or the clan. The extended family, however, is a private entity—separate from the tribal government—and acts as a corporate entity. It owns the land and pools the resources of its members to produce agricultural products, the surpluses of which are sold on free village

and regional markets, where prices are determined by bargaining, not fixed by chiefs. Such markets were in existence before the advent of colonialism. Timbuktu, for example, was one such great market town.

African natives went about their economic activities on their own initiative and free will. They did not line up at the entrance of the chief's hut to apply for permits before engaging in trade or production. What and how much they produced was their own decision to make. In West Africa, market activity has been dominated by women for centuries.

And they traded to make a profit! Whereas in the West, profit is appropriated by the entrepreneur, it is shared in traditional Africa. Under the *"abusa"* system of West African cocoa farmers, profit is divided three ways: a third to the owner of the farm, another third to the laborers, and the remaining third set aside for farm maintenance and expansion.

The African woman who produced *kenkey*, *garri,* or semolina herself decided to produce those items. No one forced her to do so. Nor did anyone order the fishermen, artisans, craftsmen, or even hunters what to produce. In modern parlance, those who go about their economic activities on their own free will are called ***free enterprisers***. By this definition, the *kente* weavers of Ghana; the Yoruba sculptors; the gold, silver, and blacksmiths; as well as the various indigenous craftsmen, traders, and farmers, were all free enterprisers.

State intervention in the economy was the exception rather than the rule, except possibly in the kingdoms of Dahomey and Asante. Even in commerce, African states lacked the instruments necessary to control their economies. In Gold Coast, for example, gold-mining was open to all subjects of the states of Adanse, Assin, Denkyira, and Mampong. Some chiefs taxed mining operations at the rate of one-fifth of the annual output. In some states, all gold mined on certain days was ceded to the throne. But the mines were in general not owned and operated by the chiefs. Rather, the chiefs granted mining concessions.

Second, Chapter 4 helps one understand why Africa's postcolonial development went so much awry. In a nutshell, the postcolonial development can be characterized as "development by imitation." Basilicas were built to imitate Rome, tractors and skyscrapers to imitate the United States, an emperor to imitate France, and statues of Marx and Lenin to imitate Moscow. Now they are building Confucius Institutes—thirty-eight of them across the African continent by 2015.

The astonishing thing was that nobody noticed that Marx, Lenin, and Confucius were not black Africans. This sort of unimaginative aping doomed Africa's postcolonial development. The leaders and government officials were speaking a language the ordinary folks did not understand. And so, they could not elicit the sacrifices and the production increases they desired to raise general economic welfare. "He who does not know where he came from, does not know where he is going," says an African proverb. We are lost in Africa because we do not know where we came from, which is why we copy everything foreign by heart. It is either because we have no faith in our own or we lack knowledge of our own.

In fact, one theme runs consistently throughout this book; namely, that there is absolutely nothing wrong with Africa's indigenous economic system. It was the same system blacks in South Africa used to out-compete whites in the nineteenth century. It was also the same system cocoa farmers used to transform Ghana into the world's largest producer of cocoa—ditto for peanut farmers in Senegal, cotton farmers in Mali, and many other African countries. But the indigenous system was roundly castigated by the ruling elites as "backward and primitive." They then proceeded to copy all sorts of alien and unworkable models from abroad to impose on the African people. The continent became littered with the putrid carcasses of failed imported systems.

Chapter 5 examines Africa's entire postcolonial experience. So severe was the damage that sixty years after independence, Africa is still struggling to find the economic model that would unleash its immense potential. Back in the 1960s, African leaders chanted: "Only socialism will save Africa!" But the socialism they practiced was a peculiar form of Swiss bank socialism that allowed heads of state and a cohort of ministers to rape and plunder Africa's wealth for deposit in Swiss banks. Asked to define socialism, a minister in Robert Mugabe's government in Zimbabwe said: "Here in Zimbabwe, socialism means what is mine is mine but what is yours we share!"

Chapter 6 looks at the various initiatives crafted by the United Nations, the World Bank, and the IMF, as well as African leaders themselves, to rescue the continent. None of these initiatives was successful—not even the New Economic Partnership for African Development (NEPAD) developed by African leaders. By 1980, the socialist/statist claptrap had plunged Africa into an economic miasma. To extricate themselves, African leaders trooped to the IMF/World Bank for a bailout, which provided $25 billion to support Struc-

tural Adjustment Programs (SAPs or "economic reform") in twenty-nine countries. But many African leaders snatched the money and did the "coconut boogie"—one step forward, three steps back, a flip, and a sidekick to land on a fat Swiss bank account. According to the United Nations Conference on Trade and Development (UNCTAD) (1998),

> Despite many years of policy reform, barely any country in the region has successfully completed its adjustment program with a return to sustained growth. Indeed, the path from adjustment to improved performance is, at best, a rough one and, at worst, disappointing dead-end. Of the 15 countries identified as "core adjusters" by the World Bank in 1993, only three [Lesotho, Nigeria, and Uganda] are now classified by the IMF as "strong performers." (*African Development in a Comparative Perspective*, p. xii)

In 1994, only six countries were adjudged by the World Bank to have performed well over the 1981–92 period: The Gambia, Burkina Faso, Ghana, Nigeria, Tanzania, and Zimbabwe. Six out of twenty-nine gives a failure rate in excess of 80 percent. More distressing, the World Bank concluded, "No African country has achieved a sound macro-economic policy stance." Even then, these six turned out to be phantom economic success stories. Within four years their stardom had waned. The World Bank's own Operations Evaluation Department noted in its December 1995 Report that, "although Ghana has been projected as a success story, prospects for satisfactory growth rates and poverty reduction are uncertain."

This author's testimony before The Economic Affairs Subcommitte of the US Senate Foreign Relations Committee in September 2002 still holds true:

> On July 5, 2002, the outgoing World Bank Resident Director in Ghana admitted that the bank probably made a mistake in tagging Ghana a "Star Pupil" at a time when the country was just beginning to restructure its economy. "One of the mistakes our institution made is building these tags. Ghana was reported as a Star Pupil between 1985 and 1991. It is because Ghana chose to adopt the same policies that the bank and the IMF were advocating all the time. There was a period between 1992 and 1996 when that status changed a lot. Ghana abandoned some of the medicines. Classic structural adjustments were abandoned," [said the director]. (*Public Agenda*, July 5, 2002)

Zimbabwe has followed the same trajectory: from stardom to economic stagnation. By 2008, it had descended into an economic freefall and violence with the world's highest rate of inflation at 11 million—whatever that means. In Bulawayo, the Petra High School was demanding payment of school fees in cows (*BBC News*, September 27, 2008). Still, the World Bank kept trotting out a "phantom list of economic success stories."

In 1998, five additional countries were identified as the new "success stories" to replace the old ones: Democratic Republic of the Congo (DR Congo), Ethiopia, Eritrea, Rwanda, and Uganda. In fact, when former President Clinton visited Africa in 1998, he hailed the leaders of these countries as the "new leaders" of Africa, taking charge of their own backyards. It did not help; they turned out to be reform acrobats and quack democrats. The senseless Ethiopian–Eritrean war (1998–2000), eruption of civil strife following an army takeover in 1998 in Guinea, and the eruption of civil wars in western and northern Uganda knocked off most of the new "success stories." Even more embarrassing for former President Clinton, the rest of the so-called new leaders were at each other's throats in the Congo conflict—Africa's "first World War" from 1999 to 2005.

The prognosis for the new millennium provided little to cheer about. In 2008, when the World Bank adjusted its yardstick for extreme poverty from $1.00 to $1.25 a day, it found that,

> While most of the developing world has managed to reduce poverty, the rate in Sub-Saharan Africa, the world's poorest region, has not changed in nearly 25 years, according to data using the new $1.25 a day poverty line. Half of the people in Sub-Saharan Africa were living below the poverty line in 2005, the same as in 1981. That means about 389 million lived under the poverty line in 2005, compared with 200 million in 1981. (*The New York Times*, August 27, 2008; A7)

Back in 2003, the United Nations Development Program (UNDP) warned that at the prevailing rates it would take Sub-Saharan Africa another 150 years to reach some of the Millennium Development Goals (MDG) agreed to by UN members for 2015 (*Financial Times*, July 9, 2003; 1). Former UN Secretary-General Kofi Annan declared at the African Union Summit in Abuja in January 2005, that Africa was failing to meet its Millennium Development Goals (MDGs). This was echoed by the United Nations' African Development Director Gilbert Houngbo, in Congo-Brazzaville: "The [African] continent will fail to reach the goal of slashing poverty in half by 2015" (*The Washington Times*, April 26, 2007; A14).

Admittedly, there is much frustration, confusion, and hand-wringing in Western capitals and diplomatic

circles at the glacial pace of progress in Sub-Saharan Africa. More than $600 billion in Western aid has been pumped into Africa since 1960 with little to show for it—except decayed infrastructure, crumpled buildings, and failed states. Naturally, there is intense pressure—popular, political, and otherwise—on the part of Western donors, the media, the World Bank, and multilateral aid agencies to find some "success stories" in Africa, however fleeting. This quest is also driven by the need to accent the positive or avoid painting too negative a portrait of Africa for reasons of political correctness. Further, there is the hope that showcasing a "success story" might encourage other African countries to emulate its policies. Unfortunately, this approach is troubling and fraught with pitfalls. It makes it difficult to separate the hype from reality.

There are those who argue that growth across Africa is fundamentally a result of rising commodity prices and were these prices to collapse, so too would Africa's growth rates (Lipton 2012). Others point to the so-called de-industrialization of Africa. Without a robust manufacturing sector, unemployment will remain high and the economies of Africa will not catch up to the more advanced countries of the world (Rodrik 2014). Finally, some warn that youth unemployment could lead to social unrest in Sub-Saharan Africa (Filmer and Fox 2014). Taken together, it is difficult to reach a coherent conclusion about Africa's growth prospects.

Chapter 6 also looks at the entire issue of the failure of foreign aid. Much of it was conditioned upon the implementation of reforms. But progress on reforms has been stilted and sketchy—a situation that has been exacerbated by the entry of China into Africa. Its forays into Africa are likely to impede reform because China does not insist on any conditionalities for its aid.

To be sure, the report card is mixed. Some progress is being made but at an excruciatingly slow pace. Fueled by high commodity prices, Africa in 2007 recorded a respectable 5.2 percent rate of economic growth, but it was below the 7 percent rate needed to make a dent on poverty alleviation. Even then, where progress has been registered, it is fragile. Angola, for example, registered the continent's fastest rate of economic growth of 20.8 percent in 2007, occasioned by high oil prices. In 2005, the oil revenue of $10.6 billion was almost double the figure from 2004. But Angola's oil bonanza has not trickled down to the poor, and corruption remains rampant.

Uganda chalked up some impressive growth rates, averaging 8 percent in 2009 and 2010, following decades of economic reform and earning the World Bank's "economic success story" distinction. However, Uganda's rates of economic growth are not sustainable as they are dependent on large dollops of foreign aid. Its budget is 55 percent dependent on foreign aid. Further, economic reform in Uganda has not been matched by political reform. Back in 1986, President Yoweri Museveni declared that, "No African head of state should be in power for more than ten years." Yet, he himself has been in power for more than twenty years and counting. The country is effectively a de facto one-party state. Museveni's record on democratization and human rights has been abominable. Political activity and press freedoms are severely restricted, limiting the scope for a pluralistic and transparent society. *The Monitor*, a private independent newspaper, has repeatedly been shut down.

Rwanda is another African success story touted as a model the rest of Africa should emulate. Emerging out of the horrific 1994 genocide, the country's economy has made stupendous recovery. People are generally living healthier and wealthier lives. The World Economic Forum (2016) provided this snapshot of Rwanda's economy in January 2017:

- One of the fastest growing economies in Central Africa, Rwanda notched up GDP growth of around 8 percent per year between 2001 and 2014.
- The IMF expects the economy to slow down this year [2017] and pick up in 2018, forecasting around 6 percent growth in 2018 compared with 6.9 percent last year. The IMF said Rwanda's growth in 2015 was driven by construction, services, agriculture, and manufacturing, but mining exports have slowed.

However, Rwanda's economic miracle is not sustainable (Ayittey, 2017). The country faces some serious internal challenges. With remarkable forthrightness, the government admitted as much:

> The economy of Rwanda is currently characterized by internal (budget deficit) and external (Balance of Payments) macroeconomic disequilibria, alongside low savings and investment rates and high unemployment and underemployment. In addition, Rwanda's exports, composed mainly of tea, coffee, and minerals—whose prices are subject to fluctuations on the international market—have not been able to cover imports needs." (*Republic*, 2012; p.10)

To avoid bankruptcy, Rwanda requested an eighteen-month standby credit facility (SCF) arrangement

with access to about US$204 million (SDR 144.18 million) or 90 percent of Rwanda's quota and to extend Rwanda's policy support instrument-supported program through the end of 2017 (IMF Press Release No. 16/270). This was approved by the board on June 8, 2016. Half was disbursed upon approval of the SCF arrangement, and with completion of the first review of the SCF arrangement another US$48.65 million (SDR 36.045 million) would become available for disbursement. The remaining financing would be considered in two subsequent reviews in 2017.[1]

To be sure, countries borrow from the IMF to overcome temporary economic adversity. However, the problems in Rwanda go much deeper and should not be brushed off perfunctorily because they undermine Rwanda's impressive achievement. There are some major concerns.[2]

First, a large chunk of government revenues—30–40 percent of the budget—still comes from aid. The World Bank (2016) asserts that Rwanda's economy is vulnerable to fluctuations in foreign aid. Indeed growth fell to 4.7 percent in 2013 after some donors withheld aid over allegations in a 2012 UN report that the government was backing M23 rebels in the Democratic Republic of Congo. The World Bank (2015) is skeptical whether Rwanda can maintain high growth rates without foreign aid:

> Rwanda's economic resilience will not be achieved without keeping high investment rates. However, the current investment model (high public investment funded by aid) is not likely to be sustainable; given capacity constraints to maintain high public investment and possible decline in aid relative to GDP in the medium-term. Finding alternative sources of development financing is a key determinant of future growth.Development of the financial sector is critical to mobilize both domestic and foreign saving for financing development.

Second, the foreign economic model Rwanda copied is unsuitable for Africa. "We want to learn a lot from Singapore that has been very successful, that has turned a lot of challenges historically into a lot of opportunities," Kagame told National Public Radio's correspondent, Frank Langfitt on September 16, 2012.[3] While Rwanda has done well economically, the Asian Tiger Model—development under authoritarianism—is not one that African countries should emulate. This model has never worked in postcolonial Africa. In fact, no dictator has brought lasting prosperity to any African country because the situations of the two continents are vastly different. A World Bank mission to the country in December 1993 praised Rwanda's progress on structural adjustment (economic liberalization) and painted a rosy portrait of its future.[4] Its GDP per capita was $351.278 in 1990; it sank to $125.69 in 1994.[5] Had Rwanda been democratic in 1994, perhaps that dramatic drop in its standard of living would have been averted, not to mention about a million lives saved. The democratic quotient is still missing under Kagame. We explore this issue further in Chapter 8.

Then in 2004, China muscled its way into Africa with euphonious verbiage about Western colonialism and imperialism, signing a blizzard of "infrastructure-for-resources" deals. Trade with China and commodity booms pushed Africa's rate of growth above 5.1 percent in 2009. The World Bank crowed about "Africa Rising." President Obama visited Ghana in July 2009, describing the country as "a model of good governance and democracy." But it all sounded like déjà vu. Within four years, Ghana had run out of gas and was knocking on the IMF door for another bailout to support its currency, the cedi, which had depreciated by more than 40 percent in 2013. It is an emerging "economic success story," but even in 2017 it is still heavily weighed down by a bloated bureaucracy comprised of 110 cabinet ministers and deputy ministers—the highest number of any African country.

When The Economist magazine published a special report titled "Africa: A Hopeless Continent" on May 13, 2000, it drew tumultuous flak from many quarters—even in the West. So a decade later, in December 2011, it published another with the title "The Hopeful African Continent." Since then, various reports have been released by the International Monetary Fund (IMF) and the World Bank, trumpeting Africa's remarkable progress after the financial crisis of 2008. The World Bank, in particular, crowed that the growth rate in Sub-Saharan Africa—or Africa—would rise from 4.9 percent in 2013 to 5.3 percent in 2014 and 5.5 percent in 2015 (World Bank 2013, 3). The IMF, for its part, scaled up the projection to 5.7 percent for 2014 (IMF 2013, 2).

These reports helped create the buzzword, "Africa Rising." A cynic might dismiss this as just hype, which was exactly the conclusion of Morten Jerven (2014): "More generally, narratives on African economic development tend to be loosely connected to facts, and instead are driven more by hype." He continued,

> According to their own evaluation, IMF forecasts "over-predicted GDP growth and under-predicted inflation." Another study looked at the difference between the fore-

> casts and the subsequent growth revisions in low-income countries, and found that "output data revisions in low-income countries are, on average, larger than in other countries, and that they are much more optimistic." Forecasts are systematically optimistic all over the world, but in Low Income Countries even more so.

Jerven goes on to state that among those on the list of the fastest growers were countries like Nigeria, Ghana, and Ethiopia. Both Nigerian and Ghanaian GDP doubled after re-basing in 2010 and 2013 respectively. How confident should one be about a 7 percent growth rate when 50 percent of the economy is missing in the official baseline? Similarly, growth in countries with outdated base years is also overstated. It is hard to believe growth rates from Africa. While Ghana has reportedly had the highest growth rates in the world over the past years, the reality is that Ghana (together with Zambia—another of the projected "top ten growers") has returned to the IMF to seek a bailout. Worse, there are also known biases and manipulations. Ethiopia, for example, is notable for having long-standing disagreements with the IMF regarding its growth rates. Again, according to Jerven,

> Whereas the official numbers have been quoted in double digits for the past decade, a thorough analysis suggested the actual growth rates were around 5 to 6 percent per annum. More generally, one study used satellite imaging of nighttime lights to calculate alternative growth rates, and found that authoritarian regimes overstate reported rates of growth by about 0.5 to 1.5 percentage points. Another recent study argues that inflation is systematically understated in African countries—which in turn means that growth and poverty reduction is overstated.[6]

Jerven claims that "economists who study Africa use dodgy theory and inappropriate statistical techniques, and at times deliberately mislead" (*The Economist*, July 25, 2015; 67). The controversy is fueled by three factors. The first is the genuine difficulty in gathering economic data in Africa. The second is the general tendency of the despotic regimes to embellish data to make their tenures look good. And the third is political correctness or the difficulty of talking frankly about Africa. For reasons of political correctness, very few in the West want to speak ill of Africa. Whites are unwilling to criticize the failed policies of black African governments for fear of being labeled "racist." Other Westerners, burdened by guilt over the iniquities of the slave trade and colonialism, are unwilling to do so either. However, for institutions such as the IMF and the World Bank, there is a more arcane reason. Having pumped over $600 billion in loans and aid into Africa since independence in the 1960s, they, together with Western donors, would be loath to admit that their efforts achieved miserable results, and that would place future aid programs in jeopardy. But political correctness and self-serving spin do not serve the African people well. They raise troubling ethical issues. To be sure, the growth rates for 2014 and 2015 of 4.9 percent and 5.3 percent were respectably better than those in previous decades, but a few cautionary notes must be registered.

First, the economic growth rate of 5.7 percent was below the 7 percent rate needed to make a dent on poverty alleviation or meet the United Nations Millennium Development Goals (MDGs) (www.un.org/millenniumgoals). Furthermore, with a population growth averaging 3 pecent, a 5.7 percent growth rate means it would take Africa nearly a century to reach middle-income status, other things remaining the same. Africa is capable of galloping ahead at a 13 percent clip or more. Thus, the 5.7 percent rate of growth is marginal.

Second, economic growth should not be confused with economic development. The former is simply straightforward increases in the gross domestic product (GDP), but the latter is defined more broadly as an improvement in the standard of living of the average person, which is measured by an increase in income per capita. An economy can grow without developing, but development requires economic growth (a growing national pie) with certain provisos: no hyper-inflation, high unemployment, worsening income inequality, pollution, etc. For example, income per capita may be rising, but if income inequality is worsening (rich getting richer and poor getting poorer) or if prices are rising rapidly (as in hyperinflation), an improvement in the standard of living—or development—cannot be said to have taken place. In addition, development also requires improvements in access to health care, clean water, education, etc.

> Many African countries do not meet this requirement on account of their failure to provide basic social services to their people. Angola and Nigeria are classic cases where economic growth has occurred but not development. Angola, for example, registered the continent's fastest rate of economic growth of 20.8 percent in 2007, occasioned by high oil prices. In 2005, oil revenue of $10.6 billion was almost double the figure from 2004. But Angola's oil bonanza has not trickled down to the poor, and corruption remains rampant.

> About 60 percent of Angolans still live in poverty, earning less than $2 a day—the same percentage as Nigeria.

Despite the ostensibly strong growth in Africa, this has not translated into poverty reduction because of high income inequality. Said Francisco Ferreira, acting chief economist of World Bank Africa Region,

> Africa grew faster in the last decade than most other regions, but the impact on poverty is much less than we would've liked. Africa's growth has not been as powerful in reducing poverty as it could have been because of the high levels of inequality. Growth with equity is possible, but it requires a decline in inequality in both outcomes and opportunities. (World Bank 2013)

Income inequality and poverty "remain unacceptably high and the pace of reduction unacceptably slow. Inequality is particularly serious in Angola, Equatorial Guinea, Gabon, Kenya, Nigeria, and South Africa." According to the World Bank (2013):

> Almost one out of every two Africans lives in extreme poverty today. . . . Optimistically, that rate will fall to between 16 percent and 30 percent by 2030. The report suggests that most of the world's poor people by 2030 will live in Africa.

Third, while growth rates are rising, the true picture is more or less a mixed bag. Some countries such as Benin, Botswana, Ethiopia, Ghana, Mauritius, Rwanda, and Uganda have chalked up impressive rates of economic growth and are shining examples of African economic success stories. But they are "small countries" without the locomotive heft to pull the rest of the continent out of its economic miasma. It is the meltdown or crises in such "larger countries" as DR Congo, Nigeria, Somalia, Sudan, and Zimbabwe that have been dragging the continent down.

Fourth, the current high growth rates have been fueled by commodity booms—rather than by internal reform—and, as such, are not sustainable. According to Makhtar Diop, the World Bank Group's vice president for Africa:

> Sustaining Africa's strong growth over the longer term while significantly reducing poverty and strengthening people's resilience to adversity may prove difficult because of the many internal and external uncertainties African countries face . . . . Within Africa, natural disasters such as droughts and floods are occurring more frequently while the threat of conflict continues, with recent events in the Central African Republic and Mali reinforcing the need for peace, security, and development to take place at the same time. This is why the World Bank Group pledged US$1 billion in May this year to help bring peace and development back to Africa's Great Lakes Region through better health and education services, more jobs and cross-border trade between the countries in the area, and more electricity. We will take this same message of peace, security, and development to the countries of the Sahel over the coming weeks. (World Bank 2013)

African leaders and their supporters often claim that Africa's postcolonial development record is dismal because they did not receive adequate aid from the rich countries. But as Chapter 6 makes clear, the true story is different. Various Western governments, development agencies, and multilateral financial institutions have provided generous assistance, pouring in more than $600 billion since 1960 to support Africa's development efforts. According to Whitaker (1988):

> Even in 1965 almost 20 percent of the Western countries' development assistance went to Africa. In the 1980s, Africans, who are about 12 percent of the developing world's population, were receiving about 22 percent of the total, and the share per person was higher than anywhere else in the Third World—amounting to about $20, versus about $7 for Latin America and $5 for Asia. (p. 60)

The World Bank (1989) reached similar conclusions: "Between 1970 and 1982, official development assistance (ODA) per capita increased in real terms by 5 percent a year, much faster than for other developing countries. In 1982, ODA per capita was $19 for all Sub-Saharan African countries and $46 per capita for low-income semiarid African countries—compared, for example, with $4.80 per capita for South Asia" (p. 13).

The general consensus among African development analysts is that foreign aid programs and multilateral lending failed to spur economic growth, arrest Africa's economic atrophy, or promote democracy. The continent is littered with a multitude of "black elephants" (basilicas, grandiose monuments, grand conference halls, and show airports) amid institutional decay, crumbling infrastructure and environmental degradation.

In destroying their economies, the ruling elites received much help from abroad. The West looked the other way as its aid programs propped up tyrannical regimes in Africa. Western aid programs, in any case, were saddled with a multiplicity of conflicting objectives, cocooned in a maze of red tape. George Soros, a billionaire philanthropist, is dismissive of foreign aid: "It generally serves the interests of donors rather than recipients" (*The Wall Street Journal*, March 14, 2002;

B1). Indeed, delegates to an aid forum in Accra, Ghana, in September 2008, ripped into donor countries, accusing them of hypocrisy:

> Several speakers have said between 60 percent and 75 percent of the donor money does not get to the recipient countries, but remain[s] in the donating country. "You cannot demand or expect us to produce results or alleviate poverty when only 25 percent of the donated money gets to us," said Patrice Bemba, an official from the Democratic Republic of Congo Ministry of Finance.
>
> He said a lot of the donor funds meant for programs to help uplift vulnerable groups such as women and children from poverty or manage diseases, ends up as fees and salaries to experts from the donating country. Other monies are lost as overhead costs. "Much of the aid remains in the hands of consultants and companies in Europe, America, and Asia, or is just tied aid," said Robert Fox, of Oxfam Canada and Head of Oxfam International delegation to Accra talks. (*The Nation*, Nairobi, September 4, 2008)

Chapter 7 discusses the real obstacles to African progress and that most of these obstacles are *internal*. The reason why Africa failed to develop has little to do with artificial colonial borders or inadequate foreign aid. Neither does it have anything to do with lack of natural resources. In fact, it has more to do with misgovernance. The first generation of postcolonial African leaders made some serious mistakes. There are some who are reluctant to criticize the policies of these African nationalist leaders, many of whom won independence for their respective countries. While this is understandable, the lack of critical review only allows the mistakes to be repeated. More importantly, criticizing the policies of Dr. Kwame Nkrumah of Ghana or Robert Mugabe of Zimbabwe does not mean one hates Ghanaians or Zimbabweans. Neither does it mean that one hates black Africans. Two fundamental distinctions are necessary.

The first distinction is between African leaders and African people. The leadership has been the problem, not the people. Leadership failure does not necessarily mean a failure of Africans as a people. The argument that people deserve the leaders they get is often parlayed but would be valid if, and only if, people could take part in choosing their leaders. In most African countries, leadership is an imposition. In 2017, only seventeen of the fifty-five African countries were democratic where the people could choose their leaders.

On the causes of Africa's crises, the usual scapegoats have been the iniquities of the slave trade, Western colonialism, and imperialism. This old canard, however, has worn thin. Even Africa's children no longer buy it. Chernoh Bah, president of the Children's Forum, asserted that Africa's socio-economic problems are a direct repercussion of incompetent and corrupt political leaders who usurped political office via the gun (*Standard Times* [Freetown], April 2, 2003; web posted).

Second, an African economy consists of three sectors: the traditional and the modern (or formal), with a transitional or informal sector stuck between them. These sectors do not operate by the same principles and logic. The vast majority of the African people who produce Africa's real wealth—cash crops, diamonds, gold, and other minerals—live in the traditional and informal sectors. Meaningful development and poverty reduction cannot occur by ignoring these two sectors. Nor can these sectors be developed without an operational understanding of their institutions and systems. The tragedy is, few in the West or Africa understand these institutions and systems. Thus, one frequently encounters the absurd situation where so many Western experts, donors, and organizations are trying to help a people in Africa they don't understand.

Masai-made beads from Tanzania

Traditional Africa, the home of the real people of Africa, works—albeit at a low level of efficiency—and has sustained its people for centuries. The natives may lack formal education, but they are hard-working and enterprising. Using their raw native intelligence, ingenuity, and skills, they have been able to produce some of the world's most beautiful cloths (kente, for example) and great works of art. The sculptures of Yoruba, Ibo bronzes, the beads of the Masai, Fang masks, Zulu headrests, and Sotho snuff containers are recognized as masterpieces.

Writing in the *Los Angeles Times* (October 15, 2017) an American professor at Bard College, Helen Epstein, noted:

> Uganda has a remarkable medical history. Well before colonial times, the Baganda, Uganda's largest tribe, could distinguish plague from smallpox; Baganda traditional

surgeons performed caesarean sections in the 19th century, when Europeans considered them too difficult and dangerous. During the 1950s and '60s, Ugandans helped pioneer treatment for childhood cancers and malnutrition. When Singapore was looking to reform its health system in the 1960s, it sent a delegation to Uganda.

Today Uganda's health system is a shambles, even though American taxpayers plow hundreds of millions of dollars annually into medical projects there. Bats, snakes and other wildlife have taken up residence in once-functioning rural clinics.

Agriculture is their main occupation, but it has performed abysmally. From 1961 to 1995, "per capita food production in Africa dropped by 12 percent, whereas it advanced by leaps and bounds in developing countries in Asia" (*The Economist*, September 7, 1996). Zaire, now the Democratic Republic of the Congo, exported food when it was the Belgian Congo. Today, it cannot feed itself, nor can postcolonial Zambia, Sierra Leone, or Tanzania. In 1990, about 40 percent of Sub-Saharan Africa's food was imported, despite the assertion by the Food and Agriculture Organization of the United Nations that the Congo Basin alone could produce enough food to feed all of Sub-Saharan Africa. The situation has deteriorated so rapidly in Nigeria and the Democratic Republic of the Congo that eating has become a luxury. "We cannot afford even a meal a day," said Andre Miku, a retired mechanic in Kinshasa, Congo. "We try to keep at least the children fed" (*Washington Post*, September 14, 1998; A16). A decade and a half later, the situation has changed little. Africa spends some $35 billion on food imports—about the same amount it receives in foreign aid.

Africa can't feed itself, not so much because its farmers lack access to land or do not know how to grow food. After all, they have been growing food for centuries. As Chapter 7 discusses, investment and production do not take place in a vacuum but in an enabling environment. At the minimum, such an environment should be one that inspires greater effort and output. Unfortunately, it's an environment that's not available in many African countries which are torn by conflict, political instability, repression, and corruption, among others. These maladies are often the result of years and years of misrule.

Today, most Africans would affirm that bad, corrupt leadership has been the major cause of Africa's woes. The postcolonial leadership, with few exceptions, established defective political and economic systems in which enormous power was concentrated in the hands of the state and ultimately one individual. After winning independence for their respective countries, African nationalist leaders were hailed as liberation heroes, swept into office with large parliamentary majorities, and deified. They never went back to build upon their own indigenous heritage of participatory democracy based upon consensus (under the chiefs), free village markets and free enterprise. Kwame Nkrumah of Ghana, for example, rejected democracy as an "imperialist dogma." Capitalism was rejected as a Western colonial institution: socialism, the antithesis of capitalism, was adopted. Even in the early 1980s, scores of markets, which had been in existence for centuries, were razed after being denounced as "dens of profiteers."

There were free village markets, free trade, and free enterprise before the advent of colonialism in Africa. Timbuktu, for example was one great market town. Free-trade routes crisscrossed the continent with the trans-Saharan being the most famous. Politically, decision-making was by consensus at village meetings. These meetings were variously called *asetena kese* by the Ashanti, *ama-ala* by the Igbo, *guurti* by the Somali, *ndaba* by the Zulu, *pitso* by the Xhosa, *dare* by the Shona, and kgotla by the Tswana. Dictatorship is not compatible with political systems that reach decisions by consensus. Indeed, the late and famous British economist Lord Peter Bauer once remarked that: "Despotism and kleptocracy do not inhere in the nature of African cultures or in the African character; but they are now rife in what was once called British colonial Africa, notably West Africa" (Bauer 1984, 104).

Understandably, every effort was made to eradicate the vestiges of colonialism and protect the new nations against foreign exploitation. But in so doing, many African leaders threw the baby out with the bathwater. For example, the free market, which had existed in Africa for centuries, was confused with Western colonialism and capitalism, and spurned. A plethora of state controls was instituted to ensure state participation in the economy as well as control of the commanding heights of the economy. The leadership, with few exceptions, demanded great powers to eradicate poverty and fight the colonialist enemy. In the process, bizarre systems were established in which enormous power was concentrated in the hands of the state and ultimately one individual.

The political systems were characterized by "one-man rule" (sultanism or one-party states) and the economic systems were "statism" or *dirigisme*—heavy state

participation or direction of economic activity. Even pro-Western countries such as Ivory Coast, Kenya, Malawi, Nigeria, and Togo were dirigiste and one-party states or military dictatorships. The rationale for the adoption of these systems is well-known: the need for national unity, ideological aversion to capitalism, and the need to protect the newly independent African nations against foreign exploitation. It should be noted that these monstrous systems bore no affinity to the indigenous systems or even the hated colonial systems.

In the indecent haste to develop Africa, billions in Western development aid were channeled into the modern sector or the urban area, the seat of government and the abode of the ruling elite. The informal and the traditional sectors were neglected, as agriculture was castigated as an inferior form of occupation. Industrialization was the rage. Huge foreign loans were contracted to set up a dizzying array of state enterprises. Problems soon emerged.

State enterprises became towering edifices of gross inefficiency, waste, and graft. State economic controls created artificial shortages and black markets. Very quickly, the ruling elites discovered that they could use the enormous power vested in the state to amass private wealth, punish their rivals, and perpetuate themselves in office. Gradually "government," as we know it, ceased to exist. What came to exist was a "vampire state"—a government hijacked by a phalanx of unrepentant bandits and vagabonds in Ray-Ban goggles, who used the machinery of the state to enrich themselves, their cronies, and their tribesmen. All others were excluded (the politics of exclusion or "economic apartheid"). Over time, the "vampire state" metastasized into an ugly monstrosity—a "coconut republic"—and a scene of incessant power struggles. Politically excluded groups rose up in rebel insurgencies. Eventually, the coconut republic imploded, sucking the country into a vortex of carnage and mayhem.

In that scenario, the government became totally divorced from the people and perceived by those running it as a vehicle, not to serve, but to fleece the people.

In August 2004, an African Union report claimed that Africa loses an estimated $148 billion annually to corrupt practices—a figure that far exceeds the paltry $30 billion Africa receives in foreign aid from all sources (*Vanguard*, Lagos, August 6, 2004; www.allafrica.com).

Their primordial instinct is to loot the national treasury, perpetuate themselves in power and brutally suppress all dissent and opposition. And the worst part is, they do not invest their booty in their own African countries but choose to stash it in Swiss and foreign bank accounts. According to a United Nation's estimate, in 1991 alone, more than $200 billion in capital was siphoned out of Africa by the ruling elites (*The New York Times*, February 4, 1996; 4). Note that this amount was more than half of Africa's foreign debt of $320 billion. A UN Report on Global Corruption, released in Vienna on April 13, says that up to US$30B in aid for Africa, twice the GDP of Ghana, Kenya, and Uganda combined, has ended up in foreign bank accounts (*New Vision*, April 15, 2000).

Writing for the Globalization Institute on July 20, 2005, Tim Worstall noted that "Africa experiences capital flight of up to $90 billion a year and the external stock of capital held by Africa's political elites is $700–800 billion. Along with missing billions in export earnings from oil, gas, diamonds, and other minerals that are not openly accounted for, it then becomes unclear if Africa suffers from a poverty trap because of a lack of money" (*The Economist*, July 20, 2005).

In other words, Africa's begging bowl leaks terribly. Capital flight out of Africa, on an annual basis, exceeds what comes into Africa as foreign aid. There is something infuriating about these figures. African leaders want rich countries to share their wealth with Africa, but are they prepared to share theirs with their people?

Chapter 8 provides an alternative way of analyzing Africa's development crisis. It may be likened to embarking on the journey from Point A (an underdeveloped state) to Point B (a developed state) in a vehicle. The development scenario in most African countries can be described thus: bad driver, bad vehicle, bad strategy, bad roads, and angry passengers fed up with lack of progress. In far too many countries, the bad driver was changed—often violently through a rebel insurgency or a revolution—but the bad vehicle was left unreformed, which often led to a hijacking or reversal of revolutions and a return to the old status quo. Chapter 8, however, doesn't just complain but attempts to offer a solution to corruption, a pressing problem in Africa.

Chapter 9, in the same vein, offers an alternative development model. This model is not copied from Jupiter; rather it is in harmony with Africa's own indigenous heritage of entrepreneurship, free village markets, free trade, and free enterprise.

The new development metric advocates entrepreneurship that is not alien to Africa. Throughout African history, countless traders—especially long-distance traders—have traveled great distances to purchase gold, salt, cowrie shells, and other goods to sell. An exam-

ple is the case of Abi Jones, a Sierra Leonean woman trader who made a fortune selling piassava.

Today, there is a new generation of angry Africans who are fed up with their incompetent and corrupt governments. These Africans, called the ***Cheetah Generation***, are educated, agile, tech savvy, and entrepreneurial. They are not sitting waiting for government to do things for them. They brook no nonsense about corruption and government dysfunction. They are determined to take back Africa—one village at a time.

Africa's salvation rests on the backs of the Cheetah Generation. This author conducted interviews with several of Africa's Cheetahs in Ghana, Nigeria, Kenya, and Zambia. Their success stories are discussed in Chapter 9.

For decades this author has been championing "African solutions to African problems" and arguing that the salvation of Africa does not lie inside the corridors of the World Bank, the IMF, or the US Congress. Neither does it lie in the inner sanctum of the Chinese Politburo or the Russian presidium. It lies in Africa's own backyard—in her own indigenous institutions. In fact, more African intellectuals are making this clarion call. Africa's intellectual giants—Chinua Achebe (2012) and Wole Soyinka (2012)—have added their voices too. The author reviewed their two books for *The Wall Street Journal* ("The Gods Are Angry," November 2, 2012). The following is a synopsis of that review.

> It is astonishing t*hat the two authors* writing from such different perspectives should conclude that the solutions to Africa's problems can be found in Africa—her bosom, her humanity—and that Africans must rebuild their own indigenous institutions.
>
> But Messrs. Soyinka and Achebe's focus on Negritude is problematic. It is an idea that failed miserably. Its first African proponent, the late president of Senegal Leopold Senghor, thoroughly discredited the concept by using it to develop an "African socialism" as an alternative to Marxism. Socialism is fundamentally antithetical to Africa's economic heritage, which explains why it was a disaster wherever it was implemented in Africa—in countries as varied as Ghana, Guinea, and Tanzania, for example—producing one economic crisis after another. (When Senghor retired as president in 1980, he settled in France with a French wife to focus on helping improve the French language—some Negritude!)
>
> Messrs. Soyinka and Achebe also fail to adequately explain the genesis of African spirituality. It stems from the belief that man doesn't live alone in the universe, which Africans divided into three elements: the sky, the world, and the earth. Each person has a specific place and function in this universe. Human action corresponds to the animation of nature, and each gesture correlates with some aspect of the universe. African art, dance, music, and other human activities are a reflection of the rhythms of the universe.
>
> The three cosmological elements—each represented by a god—must be in perfect harmony or balance. The sky god is the supreme among them, and each must be propitiated. If the sky god is "angry," there will be thunder, floods, etc. If the world god is angry, there will be conflict, war, and state collapse. If the earth god is angry, there will be poor harvest, famine, barren women, and the like. The gods may take human, inanimate, or spiritual forms, and there are many intercessors—dead or alive—between man and the gods: ancestors, kings, chiefs, priests, medicine men. All are arranged in a hierarchical order. Among some tribes, harmony among the cosmological elements, called *kiet* among the Nnamdi of Kenya, requires corresponding human behavior: tolerance, accommodation, etc. (Mr. Achebe's Igbo, for instance, have no gods, since any individual person is the union of the three elements.) Religious intolerance and fanaticism thus have no place in the highest ideals of the African soul, something noted by both Messrs. Soyinka and Achebe. They wouldn't coexist in a religious system that seeks harmony among the cosmological elements.

There are more than 2,000 African ethnic groups, but despite the incredible diversity, there are striking commonalities among them. Whereas Western jurisprudence emphasizes punishing the guilty, the widespread African tradition stresses restitution and reconciliation or "restorative justice"—the basis of South Africa's Truth and Reconciliation Commissions established after the dismantling of apartheid. Africa's economic heritage featured free village markets. There were rudimentary free markets in Timbuktu, Kano, Salaga, Onitsa, Mombasa, and elsewhere before the advent of the colonial era. Whereas the West practiced majoritarian (or representative) democracy, ancient Africans practiced participatory democracy, where decisions were taken by consensus at village meetings, as noted above.

More importantly, the traditional system of governance was inclusive. In Senegal, slaves could send representatives to the king's court. There was also foreign representation: the kings and chiefs of Angola and Asante, for example, allowed European merchants to send their representatives to their courts. Many empires

in pre-colonial Africa—Ghana, Mali, Songhai—were confederacies, characterized by decentralization of power and devolution of authority.

But much of this knowledge, as Mr. Soyinka rightly complains, has been hidden. Myths about Africa came to replace these truths, and the problem was compounded by the failure on all sides to distinguish between form and substance. The institutions of democracy, free markets, money, marriage, and justice, can take many forms. Just because there were no ballot boxes or supermarkets or white-wigged judges in pre-colonial African villages doesn't mean Africans had no conception of those institutions. African tribal cultures aren't in conflict with the West; only the forms of institutions are different.

In fact, there is one area where the two share exactly the same political philosophy: both see the state as a necessary evil. The American founding fathers chose to deal with this particular threat constitutionally by limiting the powers of the state. Africans found two unique ways to accomplish the same. The first was to abolish the state altogether and dispense with centralized authority. Such acephalous, or stateless, societies included the Ga, the Igbo, the Gikuyu, the Somali, and the Tallensi. These tribes have no chiefs or kings and took the concept of freedom to its most radical limit.

Other tribes chose to have states and centralized authority but surrounded them with councils upon councils to prevent them from abusing their powers. Kings had no political powers; their role was spiritual or supernatural (to mediate among the cosmological elements). For this role, they were mostly secluded in their palaces to keep their royal fingers out of people's business. The Yoruba Oona, for example, could only venture out of his palace under the cover of darkness. Such indigenous democratic forms were eroded during the colonial age and decimated in the postcolonial one.

So what makes up Africa's soul? Tolerance, consensus-building, inclusion, restorative justice, decentralization of power, free village markets, and free enterprise. The gods are angry because Africa's soul has been denigrated and trashed. As Messrs. Soyinka and Achebe warn us, Africa is doomed unless her rulers discover her soul. Without this knowledge, we cannot traverse the path to development. An African proverb says, "He who does not know where he came from does not know where he is going." Africa is lost and wandering because many of its leaders do not know where they came from. They have been copying alien systems and institutions, instead of building upon their own. For example, they have been building Confucius Institutes across Africa, not Ubuntu Institutes.

The discussion above is the primary reason why this book is entitled *Applied Economics for Africa*, because economic development is affected by a whole slew of factors besides economic variables—for example, culture, religion, climate, and many other factors as well. As we have also seen, even gathering data on economic variables can be daunting; not to mention the risk of fudging by despots to make the performance of their regimes look good. So what the economic model says or predicts may not be what actually happens in practice; hence, "Applied Economics."

The final **Chapter 10** attempts some conclusions and looks at the way ahead. For most African countries, the prognosis is rather bleak. A few "small" countries may dash forward and break out of the pack. But for most African countries, the road ahead is likely to be bumpy. Some countries will succumb to the dreaded immutable laws of African misgovernance and implode, rebuild, re-implode, re-rebuild, etc. For example, one such law is that the destruction of an African country—regardless of the ideology, ethnicity, or religion of its leader—always, always begins with a dispute over the electoral process or transfer of power. If losers of elections do not accept the results or if the mechanism for peaceful transfer of power does not exist, then trouble lies ahead.

This means that more state collapse, implosion, chaos, carnage, and refugees can be expected in the near future. It may be blasphemous to conclude on such a note but in keeping with the spirit of this book, the truth must be told. For far too long the African people have been lied to, misled, and exploited. They must know the truth—even if it hurts.

Chapter Two
THE ECONOMIC PROBLEM

Introduction

Consider a society and imagine what the members of that society may want at any given time. Some may want umbrellas if it were raining; others may want food, and so on. If one were to compile a list of such wants, it might include a radio, a shirt, a blouse, and so forth. Economists characterize the wants of people as *unlimited*. However, to produce the goods and services people want requires resources or factors of production. Four are recognized in economics: land, labor, capital, and entrepreneur. At any moment of time, these resources or factors of production are limited in supply.

Land is taken to be actual land and everything embedded in it—for example, gold, oil, and other mineral deposits. It is assumed that the geographical size of a country is given and cannot be increased except through invasion or conquest. However, there are instances where the size of land size can be increased marginally through land reclamation—for example, draining swamps and bogs, or irrigating land for agricultural purpose

Labor can be broken up into two sections—skilled and unskilled labor. Skilled labor such as doctors, accountants, mechanics, and so on, takes time to produce. Therefore, at any moment of time or in the short run, the supply of skilled labor is fixed. While it is true that unskilled labor does not have to go through rigorous and extended periods of training, its supply in the short run is also considered limited because it takes time to produce babies and wait for them to grow up to become unskilled laborers.

Economists define "capital" as anything that is not wanted for its own sake but to help in the production of other goods. For example, consider Robinson Crusoe marooned on an island. If he is hungry and wants to eat, he must catch fish with his bare hands. Assume that for one whole day he can only catch twenty fish. Assume further that after a few days he decides to make a fishing net. This requires an investment of time and effort, and after three days, he is able to produce a net, with which he is able to catch three hundred fish.

The fishing net, in economics, is called a "capital good." It is not a want for its own sake; nobody would want to hang a fishing net in their living rooms to impress friends. But the fishing net is desirable in helping catch fish. Other examples of capital goods would include a spear, truck, tractor, bridge, blender, frying pan, and so forth.

Two things may be noticed about the capital good. First, the production of capital goods requires an investment of time, effort, and money to produce it. Second, the use of capital goods is very productive. Notice that without the use of a fishing net, Crusoe was only able to catch twenty fish. But with the fishing net his productivity shot up to three hundred fish. Also note that a society's stock of capital goods at any moment of time is limited. The stock is comprised of such items as fishing nets, tools, trucks, and so on. To increase this supply requires sacrifice or saving—the postponement of present consumption—and investment in time and effort.

The entrepreneur is the person who spots an opportunity or a want and marshals the resources to produce the good or service that satisfies a want. Such an undertaking always involves risk. An entrepreneur may miscalculate a demand which may not be there. For example, s/he may believe that every woman wants a red hat and accordingly marshals the resources to produce red hats. After all of that investment in producing red hats, s/he may find that women actually prefer blue hats. Or s/he may find that somebody has already beaten them to the punch and that the market is already saturated with red hats. It should also be noticed that the supply of entrepreneurs at any given moment of time is limited. Not everyone born becomes an entrepreneur.

The Economic Problem

Thus, at any moment of time, while members of society or consumers have unlimited wants, the resources needed to produce the goods and services that consumers want are limited. All societies face this problem. Economics, then, is the study of the allocation of scarce resources to satisfy infinite and competing wants, This situation leads to two fundamental concepts in economics—commodity scarcity and opportunity cost.

Commodity Scarcity

Since the resources needed to produce commodities that consumers want are limited, all goods are said to be relatively scarce and, as such, command prices—monetary or non-monetary. There is no such thing as a free good or free lunch. One might say the air that we breathe is free, but even then there are cases where the air may be so polluted that one might have to slot some money into a machine to get a whiff of oxygen.

Opportunity Cost

Because society cannot produce all the goods and services that its members want, it must necessarily choose between them. The term "society" is meant to include the individuals, government, and institutions comprising it. As we shall see, in some countries, such choices are made by the government without any input by individuals. If society chooses to produce commodity A instead of commodity B, then B is said to be the opportunity cost of A. For example, suppose instead of attending university, a student could have secured a job as a bank clerk, earning a salary of 12,000 kwachas a year. That salary would be the opportunity cost of attending university instead of accepting the job. Assume further that university education costs the student 5,000 kwachas a year. In this case, the true cost of education to the student would be 17,000 kwachas a year.

It is important to emphasize that *all* societies face this basic economic problem, characterized as what to produce, how much, and for whom—the allocation of scarce resources to satisfy infinite and competing wants. However, different societies solve the economic problem differently. At one end of the spectrum are societies where the economic problem is solved by ***the price mechanism*** through the market system. These are called "capitalist" or "market economies"; examples would include most Western nations and traditional African economies as demonstrated in Chapter 5.

At the other end of the spectrum are societies where the economic problem is solved by a government planning bureau. Such economies are called "command economies" and examples can be found in communist countries such as Cuba, North Korea, and to a lesser extent, China.

The Price Mechanism

If consumers or people want a commodity, they would express their willingness to pay for the commodity. The stronger this desire for the product, the higher the price they would be willing to pay for it. Thus, prices serve as signals to both consumers and producers. A high price, for example, sends a signal to producers that not enough of the commodity is being produced and consumers want more of it; hence their willingness to pay a higher price for it. Producers, then, would seek to attract resources by offering higher prices for inputs in order to produce more of the good in short supply. The high commodity price also sends signals to consumers to economize in the use of that product or switch to other products. It is through this price mechanism that scarce resources are allocated to satisfy infinite and competing wants.

Markets

In economics, a market is defined as any setup that brings buyers and sellers into close contact. The market need not have a specific geographical location. There are various types of markets, which take on names of the commodities they deal in—for example, commodity markets such as the wheat or corn—and such markets can be global. Then there are the labor market, stock market, foreign exchange, which deal respectively with labor, company stocks, and foreign exchange.

In general, economists distinguish between two markets: a perfectly competitive market and an imperfect market. A perfectly competitive market is one in which no individual buyer or seller can exert any appreciable influence on the market price. All market participants are price takers; that is, they take the market price as given. For such a situation to hold or for a market to be perfectly competitive, the following five conditions must be satisfied:

1. Many buyers and many sellers. This would ensure that no single buyer or seller could influence the market price.
2. Homogenous product to ensure that there is no difference between the tomato sold by farmer A and that sold by farmer B.

3. No price discrimination, which means no charging of different prices to different consumers for the same product. In other words, all consumers pay the same price.
4. Perfect information. This ensures that one price rules throughout the market. For example, if beef is being sold for $5/lb. at one corner of the market and for $3/lb. at another, all consumers would have such knowledge and obviously would flock to buy the cheaper beef, which would force the other sellers to lower their price.
5. Freedom of entry and exit. This assumption means that anyone who wants to sell, say, tomatoes in a market would be free to do so and not encounter barriers to entry. In real life, most economists believe that agricultural markets come closest to being perfectly competitive. Anyone can grow tomatoes in their backyard and set up a table to sell them.

Imperfect Market

An imperfect market is simply one that is not perfectly competitive—or one in which one or more of the five conditions for a perfectly competitive market have been violated.

Violations of Condition 1: Many Buyers and Many Sellers

One may have the following market situations.

Sellers

- One seller, many buyers—a monopoly
- Two sellers, many buyers—a duopoly
- Few sellers, many buyers—an oligopoly

Buyers

- One buyer, many sellers—a monopsony
- Two buyers, many sellers—a duopsony
- Few buyers, many sellers—an oligopsony

Violations of Condition 2: Homogeneous Product

This simply means that the product is differentiated so that what company A sells is not the same as what company B sells. Examples would be automobiles, beer, soda drinks, television sets, etc.

Violations of Condition 3: No Price Discrimination

In real life, companies discriminate among consumers. For example, the airlines may charge senior citizens and youth lower ticket prices than business travelers for the same journey. The power companies may also charge residential customers lower utility rates than business customers.

Violations of Condition 4: Perfect Information.

Perfect information assumes that all market participants are aware of any price differences that may prevail throughout the market. For example, if the commodity is being sold for 8 kwachas at one corner of the market and 3 kwachas at another, this price difference would be known to all market participants. This assumption is to ensure that one price rules throughout the market.

Violations of Condition 5: Freedom of Entry and Exit

Where entry is blocked, the industry is said to be a closed shop. Such barriers exist in some professions and occupations. For example, legal and medical professions require one to have a license before one can practice law or medicine. In some occupations, a license may not explicitly be required, but entry into the occupation, such as the mafia or a criminal organization, can be blocked physically or with threats and intimidation.

Multiple Violations

There may be situations where more than one of the five conditions has been violated.

- A discriminating monopsonist—a case of one buyer who pays different prices to different sellers for the same product.
- A differentiated oligopoly—a situation where few sellers offer differentiated products.

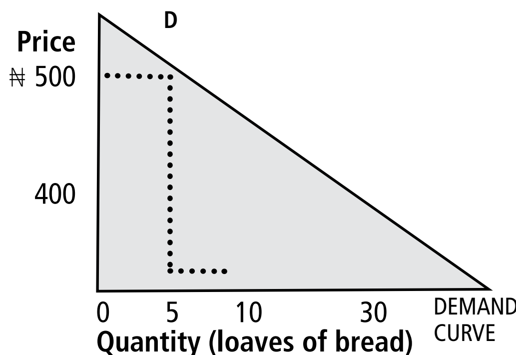
Price Determination in a Perfectly Competitive Market

As noted above, if consumers are desirous of a commodity, they would express this desire in the amount they are willing to pay for it. This willingness is known as demand. Technically speaking, demand for a commodity is defined as the amounts consumers are willing and able to buy at various prices. For most goods, consumers would be willing to buy ***more*** at ***lower*** prices. This is known as the law of demand. It states that, other things being equal, more of a commodity would be purchased at a lower price. The demand for such goods is said to be negatively sloped.

We shall examine the demand for bread by the typical housewife called Mrs. Atinga. She has a rather large family and if the price of bread is 500 naira (₦), she would purchase 5 loaves of bread. If the price falls to

400 naira, she would purchase 10 loaves of bread and so on. The quantity purchased at the various prices represents her demand for bread, which is plotted to the right, as shown in the diagram below.

Price	Quantity Bought
500 ₦	5 loaves
400	10
300	15
200	20
100	25



In plotting the demand curve, price is placed on the vertical (y) axis, or ordinate, and quantity on the horizontal (x) axis, or the abscissa. The demand curve generally slopes downwards from left to right; that is, it has a negative slope, which is often referred to as the ***"law of demand,"*** which states that, other things being equal (*ceteris paribus*), more of a commodity or service would be purchased at a lower price.

Linear Demand Curve

Mrs. Atinga's demand curve is a straight line or linear. As such, it can be written as,

$$Y = A + bX \quad \textbf{or} \quad P = A + bQ^d$$

The preferred form is to write the quantity demanded (the dependent variable) in terms of the price (independent variable)

$$Q^d = \frac{P}{b} - \frac{A}{b}$$

A and b are parameters. The constant "A" embodies the effects of all factors other than price that influence demand. If income were to change, for example, the effect of the change would be represented by a change in the value of "A" and be reflected graphically as a shift of the demand curve. The constant "b" is the slope of the demand curve and shows how the price of the good affects the quantity demanded. The exact mathematical equation can be found in three easy steps:

Step 1: Compute the slope

$$b = -\frac{100}{5} = -20$$

Step 2: Substitute the slope into the general linear equation

$$P = A - 20Q^d$$

Then take the coordinates of any point and solve for A. For example, if the price is 400 naira, the quantity purchased is 10 loaves of bread. Thus,

$$400 = A - 20(10)$$
$$600 = A$$

Therefore, the exact mathematical equation is

$$P = 600 - 20Q^d \quad \textbf{or} \quad Q^d = 30 - \frac{P}{20}$$

Step 3: Check by taking the coordinates of any point and plugging them into the equation and see if it will hold.

For example, at the price 200 naira, the quantity purchased is 20 loaves of bread. Thus,

$200 = 600 - 20(20) = 200$, which checks out.

Exceptional Demand Curves

There are a few exceptions to the law of demand. One such exception is the demand curve that is upward sloping, meaning more would be purchased at a higher price, or less of such commodities is purchased at lower prices. Such commodities are called ***Giffen goods***. Some people tend to think that they are of better quality the more expensive they are. For example, women's jewelry and luxury sports cars fall into this category. A Bentley would sell better at $200,000. In fact, if somebody were selling a Bentley for $20,000, people would think there was something wrong with it.

Two other extreme cases can be noted. The first is a demand curve that is vertical, which means the same amount would be purchased regardless of the price. One can think of a life-saving medication which a patient has to have. His demand is said to be perfectly inelastic because it does not respond to price changes. We shall discuss elasticity in a moment. The second is a demand curve that is almost horizontal, suggesting that an infinite quantity would be purchased after a very small reduction in price.

Why the assumption other things being equal?

This is because, apart from its own price, there is a host of other variables that affect the demand for bread—for example, household income, prices of other goods, and so forth. If any of these factors held constant changes, then the demand curve would bodily shift either to the right or to the left. We examine some of these factors.

Other factors affecting demand

1. Household income

Generally, an increase in household income would lead to an increase in demand for most commodities. Such commodities are ***normal goods*** and have positive income elasticities. For example, the demand for clothes would generally increase with higher household income. When income increases, the demand curve for normal goods shifts outward as more will be demanded at the same price. For some goods however, less is purchased at higher levels of income. Such goods are called ***inferior goods***. Examples would likely include Spam luncheon meat, which people on a budget or low income tend to consume and in significant quantities. But when they earn more income, they tend to buy more expensive meat, which they can now afford. Generally, starchy foods tend to be inferior goods. Beer is also adjudged to be inferior because when people make more money they tend to consume more Scotch whiskey.

2. Prices of related goods

Some goods are used jointly and are said to be ***complements***; for example, bread and butter, pen and paper, automobiles and petrol, and so on. A change in the price of one may affect the demand for the other. For example, a rise in the price of bread would reduce the quantity of bread purchased and therefore the quantity of butter to go along with it. As we shall show below, the cross-price elasticity is negative for complements.

Other goods, however, are in competitive demand and can be used in place of one another—for example, tea and coffee, rice and potatoes, beef and pork, and so on. Such commodities are said to be ***substitutes***. A rise in the price of one will lead to an increase in the demand for the other. For example, a rise in the price of beef may lead consumers to purchase more pork. In this case, beef and pork have positive cross-price elasticity. The rise in the price of beef would lead the rightward shift in the demand for pork.

3. Changes in the population

A decrease in population would increase the demand for most commodities such as food, housing, clothes, electricity, and so on. An increase in population would increase the demand for bread as there are now more mouths to feed. This would be represented by a rightward shift in the demand curve for bread.

4. Changes in tastes and preferences

If a scientific study were to be published, claiming that those who eat bread every day would live to be hundred years old, you would expect people to rush out and buy bread every day, which would dramatically increase the demand for bread, shifting the demand curve to the right. Conversely, a report that too much bread is not good for blood circulation would shift the demand curve to the left.

There are other factors as well that may influence Mrs. Atinga's demand for bread. Among them would be price expectations and the size of the family. If she expects the price to rise significantly in the future, she might want to buy more bread now. Similarly, if she has relatives visiting, she might want to buy more bread.

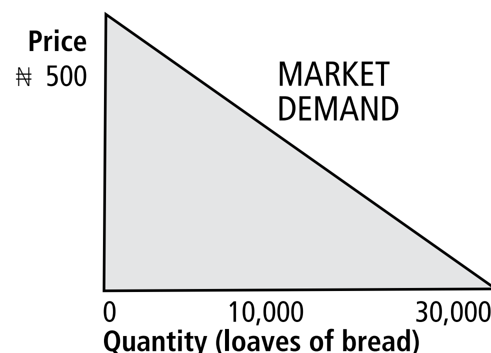
The following factors would shift the demand curve for bread to the right:

- An increase in income
- A increase in price of a substitute
- A decrease in price of a complement
- A favorable change in taste.

The Market Demand Curve

Market demand is simply the aggregation or summation of individual demand curves. If we assume that there are 999 other consumers with the same demand schedules as Mrs. Atinga, then the market demand curve would be 1,000 times her demand schedule.

Price	Quantity Bought
500 ₦	5000 loaves
400	10,000
300	15,000
200	20,000
100	25,000



Like Mrs. Atinga's demand curve, market demand curve is also linear and negatively sloped. The exact mathematical equation is

$$Q^d = 30{,}000 - 50P$$

In addition to the factors which affect individual demand curves, there are additional factors which can influence market demand. For example,

- An increase in the number of consumers or increase in the size of the population; and
- A change in the distribution of income among consumers to less wealthy people.

Interpreting a Shift

A rightward shift in the demand curve can be interpreted in two ways. It can be interpreted as consumers willing to buy ***more*** at the ***same*** price. Or as consumers willing to pay ***more*** for the **same** quantity. Similarly, with respect to a leftward shift, consumers may be willing to pay ***less*** for the ***same*** amount.

It is important not to confuse a movement along the demand curve with a shift in the demand curve. For example, buying more at a lower price is a downward movement along the same demand curve whereas buying more at the same price represents the rightward shift in the demand curve.

Price Elasticity of Demand

This measures the responsiveness of quantity demanded (Q^d) to changes in price (P). It is calculated as

$$\acute{\eta} = \frac{\text{Percentage change in quantity demanded } (Q^d)}{\text{Percentage change in price (P)}}$$

The calculation invariably involves negative numbers, but it is the absolute value that is taken.

- If $\acute{\eta}$ is greater than one, then demand is said to be elastic.
- If $\acute{\eta}$ is less than one, then demand is said to be inelastic.
- If $\acute{\eta}$ is equal to one, then demand is said to be unitary elastic.

An elastic demand curve has a relatively flat slope, signifying that a small drop in price would elicit a large increase in quantity purchased. This could happen for a commodity that has many substitutes; for example, a particular brand of beer. If the price of Tusker Beer were to drop, one would expect more to be consumed but also other beer drinkers to switch to Tusker. Assume the price of Tusker drops from 5 kwachas for a six-pack to 4.50 kwachas and the quantity purchased increased from 50,000 packs to 120,000. The elasticity may be computed thus,

$$\acute{\eta} = \frac{70{,}000/50{,}000}{-50/500} = -14$$

but the absolute value of 14 is taken as greater than one and therefore *elastic.*

Assume the price of gasoline increases from 3 kwachas to 4 kwachas and the quantity purchased dropped from 800,000 gallons to 780,000 gallons. The elasticity of demand can be calculated thus,

$$\acute{\eta} = \frac{20{,}000/800{,}000}{1/3} = \frac{-3}{40}$$

but the absolute value is taken as less than one and therefore *inelastic*.

Assume the price of a commodity decreases from 5 kwachas to 4 kwachas and the quantity purchased increased from 20,000 units to 25,000. The elasticity of demand can be calculated thus,

$$\acute{\eta} = \frac{5{,}000/20{,}000}{-1/5} = -1$$

but the absolute value of one is taken as equal to one-and therefore *unitary inelastic*.

Notes: In computing the percentage change, some economists use the average of the two quantities and prices. Therefore for the third example this would be

$$\frac{5{,}000/20{,}000 + 25{,}000}{-1/5 + 4} = -1$$

The elasticity of demand changes along the demand curve, ranging from 0 at the x-intercept and ∞ at the y-intercept.

Properties of Elasticity of Demand

If the demand for a product is elastic, more revenue can be generated by lowering its price. This explains why there are often price wars between different brands of the same commodity, for example, gasoline or cars.

If the demand is inelastic, more revenue is generated by raising its price. This explains why governments tend to place high taxes on such commodities as cigarettes and alcohol, because their demand is inelastic, meaning a steep increase in price would not affect the quantity purchased very much. Governments often justify this by referring to these taxes as "sin taxes."

If the demand curve is unitary elastic, then the same revenue is generated with a price increase or decrease.

Factors Influencing the Elasticity of Demand

There are five factors that influence the elasticity of the demand for a commodity.

1. The degree of necessity. The more necessary the commodity is for survival—for example food or medication—the more inelastic demand. One would expect that the demand for insulin would be inelastic.

2. Habit. A commodity which is additive to or consumed out of habit tends to have an inelastic demand. Examples are cigarettes, alcohol, and coffee.

3. The availability of substitutes. The more substitutes there are for a product the more elastic its demand. One would expect the demand for a certain brand of beer, make of car, or brand of pencil, etc., to be elastic.

4. Proportion of budget spent on the item. If this proportion is tiny, the demand for that item is likely to be inelastic. For example, the proportion of income spent on matches is likely to be very small. Therefore, a doubling of its price is not going to raise hackles or result in any significant drop in purchases.

5. Time. Generally over time, demand for most goods becomes more elastic as substitutes are developed.

Income Elasticity of Demand

Income elasticity measures responsiveness of demand to changes in income. In this case, we are only interested in whether the coefficient is positive; in which case, it is a ***normal good***; or negative, in which case, it is an ***inferior good***.

$$\alpha = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in income}}$$

Suppose Mr. Smith's purchase of beer dropped from 20 packs to 15 when his income increased from 70,000 kwachas to 100,000 kwachas a year.

$$\alpha = \frac{-5/20}{30,000/70,000}$$

Since this is negative it makes beer an inferior good.

Cross-Price Elasticity of Demand

This measures the responsiveness of demand for good X to changes in the price of another good, say Y. In this case also, we are only interested in whether the coefficient is positive; in which case, the two goods would be substitutes; or negative, in which case, X and Y would be complements. If the coefficient is zero, then the two goods are *independent* or not related.

Suppose the price of beer dropped from 7 kwachas for a 6-pack to 6 kwachas and the quantity of nuts purchased increased from 10,000 bags to 15,000. The cross price elasticity would be,

$$\acute{\eta}_{xy} = \frac{5,000/10,000}{-1/7}$$

Since this is negative it makes beer and nuts *complements*.

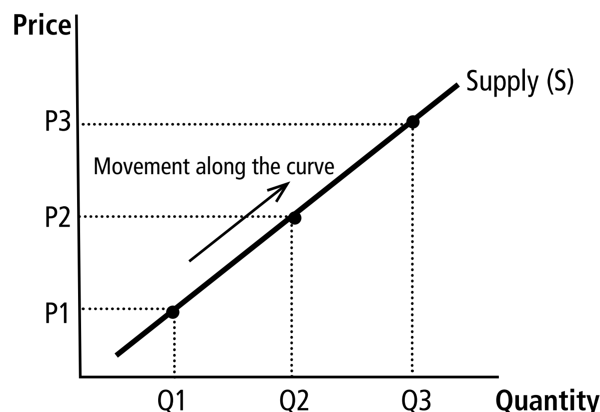
It may be noted that other elasticities can easily be imagined and computed. For example the population elasticity of demand for beer may be defined as the responsiveness of the demand for beer to changes in the population.

Supply

Remaining with our bread example, let us assume we have a baker who will supply bread at these prices:

Price	Quantity Bought
500 ₦	25 loaves
400	20
300	15
200	10
100	5

This shows that Mr. Smith, the baker, would be willing to supply more bread at a higher price. If we plot his supply schedule, a positive relationship between the price and quantity supplied would be noticed. That positive relationship is called the ***law of supply***, which states that, other things being equal, more of the commodity would be supplied at a higher price.



Smith's supply curve is also a straight line or linear. The exact mathematical equation is

$$Q^s = P/20$$

Apart from its own price, there are other factors that affect the supply of bread. Among them are:

1. The price of inputs or ingredients. For example, if the cost of flour were to rise substantially, this would make it more expensive to produce bread. The effect of this can be shown as an upward shift or a leftward shift in the supply curve. An upward shift means that the same old quantities would be supplied but at higher prices since the cost of flour has gone up. A leftward shift may be interpreted thus: at the same old prices, less would be supplied. Wage changes would also create an impact. An increase in labor costs would have the same effect on the supply curve as an increase in the cost of other inputs.

2. Prices of related goods. Some goods are jointly produced; for example, a company may produce several paper products such as writing pads and tissue paper. A rise in the price of one may lead the company to reduce the supply of the other in order to capitalize on the price rise.

3. Technology. The introduction of technology, which makes mass production possible, would shift the supply curve to the right.

4. Taxes/subsidies. If the government imposes specific tax of say 20 cents per bottle of beer or packet of cigarettes sold, this will have the effect of shifting the supply curve up by 20 cents. A subsidy would have an opposite effect.

Market Supply

Assume that we have 999 other bakers in the market with exactly the same supply schedule. In that case, bread supply will simply be the aggregation of all the supply schedules, as shown in the table below.

Price	Quantity Supplied
500 ₦	25 loaves
400	20,000
300	15,000
200	10,000
100	5,000

The exact mathematical equation is $Q^S = 50P$

Supply Elasticities

Just as we did for demand, we can also examine the responsiveness of the quantity supplied to changes in its own price. Again, this measure can be computed as,

$$= \frac{\text{Percentage change in quantity supplied}}{\text{Percentage change in price}}$$

If the coefficient is greater than one, then supply is ***elastic***; if it is less than one, then supply is ***inelastic***.

Exceptional Supply Curves

There are two exceptional supply curves. The first is a supply curve that is vertical. Such a supply curve indicates that the same amount would be supplied regardless of the price. A vertical supply curve is said to be ***perfectly inelastic***. A horizontal supply curve can be imagined, which is ***perfectly elastic***.

Finally, a supply curve can be downward sloping which means more can be supplied at lower prices. Such a supply curve may be characteristic of a ***decreasing cost*** industry. Consider electricity generation for example. Suppose it costs $20 million to build a dam to generate electricity. If only one kilowatt is generated, the cost would be $20 million. But as more kilowatts are produced, the cost of each progressively declines. If other firms in the industry have similar supply schedules, the aggregate supply curve would tend to be downward-sloping.

Equilibrium Price

At the market, price is determined by the interaction between two forces—consumer demand and producer supply. Consumers obviously would like to purchase bread at the lowest possible price, while bakers would like to sell bread at the highest possible price. If we let these two forces interact, it might be possible to find a balance between them. This state of balance is called equilibrium, where the forces of demand and supply are at rest. We can determine this equilibrium in three ways—iteratively, graphically, and mathematically.

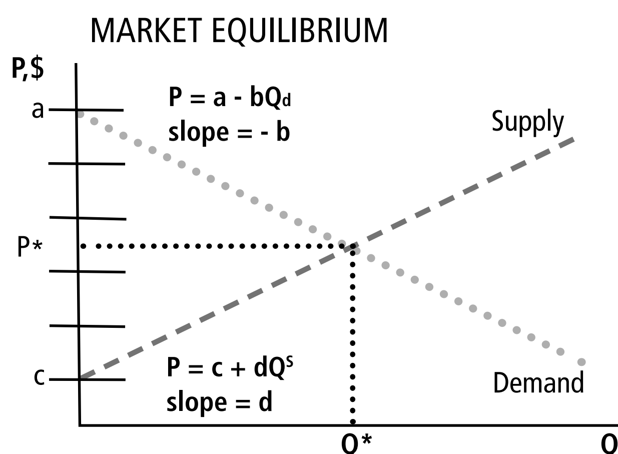
Price	Quantity Demanded	Quantity Supplied
500 ₦	5,000 loaves	25 loaves
400	10,000 loaves	20,000
300	**15,000**	**15,000**
200	20,000	10,000
100	25,000	5,000

In this example, equilibrium is reached at the price of 300 naira. At that price, consumers are willing to purchase 15,000 loaves of bread which is exactly the amount bakers are willing to sell. Thus, the forces of

demand and supply balance each other. Everybody gets what they want and nobody is disappointed.

The equilibrium price of 300 naira is said to be stable; that is, should the price find itself at say 500 naira, market forces would be brought into play that would push the price back down to 300 naira. At that price of 500 naira, there would be greater supply than demand which would push prices down. Similarly, if the price were 100 naira, there would be excess demand or shortage, which would push the price up.

Diagrammatically,



In this diagram, P* and Q* are the equilibrium price and quantity; 300 naira and 15,000 respectively.

Mathematically, the equilibrium can be determined by finding the mathematical equations for both the demand and supply curves, setting them equal and solving for P or Q. Big equations are:

$$Q^d = 30{,}000 - 50P$$
$$Q^S = 50P$$

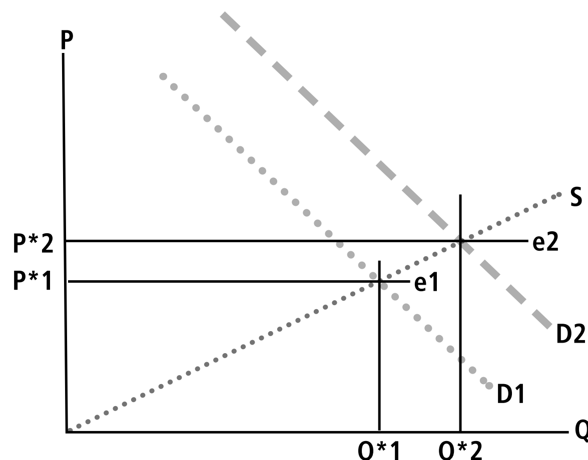
In equilibrium,

$$Q^d = Q^S$$
$$30{,}000 - 50P = 50P$$
$$30{,}000 = 100P$$
$$P = 300 \text{ and } Q = 15{,}000$$

In the determination of prices in perfectly competitive markets, both demand and supply are equally important. They are like the opposite sides of a pair of scissors; one cannot tell which side does the cutting.

The Laws of Demand and Supply

A rise in demand, other things being equal, would lead to an increase in price and an increase in the quantity traded. Conversely, a drop in demand, other things being equal, would lead to a decrease in both the price and the quantity traded.



A rise in supply, other things being equal, would lead to a decrease in price but an increase in the quantity traded. Conversely, a drop in supply, other things being equal, would lead to an increase in price and a decrease in the quantity traded.

Assignment: Students may want to predict effects of a rise in both the demand and supply curves.

Price Determination in Imperfect Markets

It may be recalled that an imperfect market is one in which one or more of the five conditions for a perfectly competitive market has or have been violated. In such a market, market participants are no longer price takers and can influence the market price. In fact, producers are said to be price setters. Thus, in imperfect markets, prices are administered; for example, when one goes to purchase an automobile, one sees on the windscreen a sticker that says "Manufacturer's Suggested Retail Price" or MSRP. This is not to suggest that demand is not important. If the manufacturer sets a price that is too high, consumers would refuse to buy the product, which may force the manufacturer to lower it.

Solving the Economic Problem in Various Economies

In the capitalist system, the economic problem is solved by price mechanism through the market system. In command economies, it is government that determines what to produce, how much, and for whom. The government is presumed to know what is best for the country as a whole, not necessarily what is best for individuals. Therefore, the government can determine what to produce in a fairly straightforward manner. However, the distributional aspect is often very tricky. Goods and services are supposed to be distributed by this mantra: "To each according to his/her needs."

We shall now look at problems that arise in solving the economic problem under both systems.

Under Capitalism

The advantage with capitalism is that it is proven to be highly productive and efficient simply because it has a very potent incentive scheme embedded in it. For example, if one works hard and succeeds, one enjoys the fruits of one's labor. However, application of the system to solve the economic problem creates the following difficulties:

- Since allocation is based on the price mechanism, it can be argued that the poor have an unequal access to the market and the rich have a disproportionate access to goods and services. And therefore the capitalist system is unfair and penalizes the poor.
- Because producers are motivated by profit, its pursuit may lead them to produce socially undesirable commodities or services that may harm children. Child pornography is a classic example.
- Also, the obsession with profit may lead producers to ignore environmental issues such as pollution. There have been cases upon cases where companies have dumped toxic waste into rivers, lakes, and oceans.
- Companies may also produce harmful products such as cigarettes, alcohol, narcotic drugs, etc.

Under Command Economies

The resolution of the economic problem within this system has the touted advantage that one central agency can determine very quickly what needs to be produced in the interest of the society as a whole. Hence, there would be no guesswork or waiting for millions of consumers to make up their minds what they want. However, this system also has its problems.

- **It is impossible to know at any given moment of time exactly what consumers want and how much of it.** Consider the demand for umbrellas. That would obviously depend on the weather, which cannot be predicted with certainty. It is the same with a demand for ice cream, which would be greater in hot weather.
- If the planning bureau is unable to predict exactly what the demand would be, there may be excess demand (or shortage) or excess supply (or surplus). The appearance of either one of these conditions means that the economic problem has not been solved. A shortage for example means not enough of the commodity was produced, whereas a surplus means too much of it was produced, resulting in waste of resources.
- Under this system, distribution is to be effected by the rule "To each according to his needs." However, devising this criterion is very problematic. How does one determine whether a laborer or a doctor needs the same 10-pound bag of rice? Does the doctor need more rice than the laborer?
- **Susceptibility to bribery, corruption, and black markets.** Under this system, commodities are distributed to the people through government distribution outlets. Suppose one has a large family to feed and has been given only one bag of rice, instead of the six bags needed. In this case, one may be tempted to pass something "under the table" to the distribution officer to secure more rice or one might seek to buy more from the black market. A black market is simply a market where the commodity is sold illegally above the official price.
- **Shoddy products.** Under this system, consumers have no choice and must take what is offered to them. Knowing this, producers have no incentive to excel and offer higher-quality products because whatever they offer would be distributed at the same rate as the lower-quality product.

Under Native African Economies

The traditional African economic system bears nearly all the characteristics of a purely capitalist system. There is no central planning agency that meets in a chief's hut every month to determine what should be produced, how much, and for whom. Furthermore, there is no witch doctor who uses voodoo magic to determine exactly what the price of bread should be at any moment of time. Goods and services are produced by private actors. The term "private actor" is deliberately chosen, instead of private individuals because, as will be explained in Chapter 4, whereas the individual is the basic economic and social unit in the West, in Africa it is the extended family, which is a collective. However, the extended family is a private entity, which is separate from the tribal government. While individual operators are also common, the extended family in general acts as a corporate unit, which may own the land and decide what type of crops to plant or what type of businesses to run.

In many parts of traditional Africa, agricultural farms are owned and operated by extended families. The vast majority of peasant farmers are women

because of sexual division of labor, as we shall explain in Chapter 4. The farmers use their produce harvest to feed their families, although there are individuals and families who specialize in the cultivation of one or two crops. Surpluses are sold at free village markets.

A typical market scene

No one tells these market women what to sell or at what price. They go about their activities on their own volition—not at the behest of some despotic chief. Nevertheless, the traditional economic system also has its deficiencies.

Like the capitalist system, since allocation is based on the price mechanism, it can be argued that the poor have an unequal access to the market and that the rich have a disproportionate access to goods and services. However, in the traditional system, the poor are not left to fend for themselves because of the complex web of social relationships and obligations. For example, the poor person may not have much income but may be granted access to land so that he could grow food for himself. Survival, rather than the pursuit of profit, is the overriding consideration.

Since pursuit of profit is not the prime motivating factor, the traditional economic system tends to adjust to economic adversities rather slowly. For example, it may take six months for the traditional market to take care of a corn shortage, whereas in a purely capitalistic system, storage bins may be emptied or additional supplies shipped in from other markets; although such adjustment mechanisms are available, they are slow.

The collective always has the danger of freeloaders. While the extended family system is a private entity, there may always be those who do not pull their full weight on the farm. However, this is a very private matter, which some choose to resolve with proverbs. One such proverb, for example, is, "If you rely on somebody for food, you will go without breakfast."

The presence of the collective allowed various myths to be spun around the traditional economic system; for example, that it was primitive communism.

Obviously, each system has its own strengths and weaknesses. However, as we shall see in the next chapter, the most egregious policy blunder in postcolonial Africa was the imposition of command-like systems on traditional African economies, resulting in commodity shortages and utter destruction of Africa's agriculture.

REVIEW QUESTIONS

1. a. "Opportunity cost is the cost of not solving the economic problem." Would you agree? Are opportunity cost and the economic problem related? (10 points)

b. You plan a major adventure trip for the summer. You won't be able to take your usual summer job that pays $6,000 and you won't be able to live at home for free. The cost of your travel on the trip will be $3,000; a new phone with a better camera will cost you $500; and your food will cost $1,400. What is the opportunity cost of this trip? (10 points)

2. a. Suppose a UFO from Mars landed and gave Mother Earth an exotic computer with infinite memory capacity. This computer was given the task of solving the economic problem. Will it succeed and what sorts of problems are likely to arise? (10 points)

b. Can the economic problem ever be solved? Explain (10 points)

3. a. "Gold costs more than cassava because it takes a great deal of effort to produce it." Would you agree? (10 points)

b. Could cassava ever cost more than gold? Under what circumstances? Explain. (10 points)

4. a. How important are prices in the allocation of resources? Can resources be allocated without prices? Explain. (10 points)

b. Suppose, in a certain country there is not enough affordable housing but there are too many guns. Can the price system solve this problem? Explain how or why not. (10 points)

5. a. Explain what is meant by a "perfectly competitive market." Which markets in real life would you consider to be perfectly competitive? (10 points)

b. Is it true that a perfectly competitive market is one which has a perfectly elastic demand curve? Explain. (10 points)

6. In a certain market, 40 million units of a commodity were bought and sold at 90 cents a unit, but five months later, 30 million units were bought and sold at 60 cents a unit. Were the laws of demand and supply violated? Explain. (20 points.) You may have to use diagrams.)

7. a. "If the supply of chicken is unusually low this holiday season, a shortage of chicken will develop." Would you agree? What might account for the low supply? (10 points)

b. Explain what is meant by "price discrimination." Give a couple of examples. If a firm discriminates in two markets, in which one would the price be higher? Explain. (10 points)

8. a. "A shift in both demand and supply curves of a commodity will always increase the equilibrium price and quantity bought and sold." Is this true? Explain. (10 points)

b. The price of coffee has dropped drastically over the past decade. Was this drop due to "a vast imperialist conspiracy" to bankrupt the economies of coffee-producing countries in Latin America and Africa? How would you explain this fall in terms of demand or supply changes? What factors are likely to have caused the demand and supply shifts that did occur? (10 points)

9. The demand and supply for plantain chips are:

Price cents per bag	**Quantity Demanded (millions)**	**Quantity Supplied (millions)**
50	160	130
60	150	140
70	140	150
80	130	160
90	120	170
100	110	180

a. Determine the equilibrium price and quantity and suppose the price of chips is 60 cents per bag. Describe the situation in the market, explain what will happen and graph it. (5 points)

b. Suppose a new dip comes onto the market, which is very popular and the demand for plantain chips increases by 30 million bags per week. Determine the new equilibrium price and quantity. (5 points)

c. Suppose that a virus destroys several plantain farms with the result that the supply of plantain chips decreases by 40 million bags a week at the same time as the new dip comes onto the market. Determine the new equilibrium price and quantity. (5 points)

d. Suppose the price of chewing gum decreases. Describe what effect this would have on the plantain chips market. (5 points)

10. The demand and supply of certain commodities are given by:

Price	**Quantity Purchased**	**Quantity Supplied**
10	19,600	14,800
20	19,200	15,000
30	18,800	15,200

Find the exact mathematical equations for the demand and supply; solve for the equilibrium price and quantity; and sketch them. (20 points)

Chapter Three

MARKET INTERVENTIONISM

"Two decades ago, the central challenge of the Nigerian society and economy that we grappled with was the big, inefficient State that had a stranglehold on the society; occupied the commanding heights of the economy; and behaved like a general business enterprise, producing and selling myriads of commodities; running airlines; managing commercial banks; and owning cement factories. Naturally, it ended up as a colossal failure in this regard, since it neither had the bottom-line sense of a business enterprise nor the residual claimant motivation to ensure proper and efficient management of the societal resources under its care.

"Today, however, Nigeria faces a qualitatively different challenge. The reality in our country is that of an abysmal lack of governance. The State has virtually become overwhelmed by multi-dimensional crises constraining its ability to minister to the needs of the people."

—General Ibrahim Babangida, ex-military dictator
(*The Vanguard*, Lagos, September 16, 2010)

A. Interferences with the Market System

In the previous chapter we saw how the price mechanism solves the economic problem. The forces of demand and supply interact with one another to determine the equilibrium price. Those who can afford the price are able to secure the commodity and those who cannot must do without it. Now and then, however, the government may intervene in the market to protect the interests of certain groups of people. It may do so by setting a minimum price or a price floor, which means the commodity cannot legally be sold below that price. Alternatively, the government may set a maximum price or a price ceiling above which it would be illegal to sell the commodity. The groups the government may want to protect are often the following.

1. Farmers. The government may set minimum prices for agricultural produce such as: corn, wheat, barley, etc. These minimum prices are often called guaranteed prices or price supports. For example, if the market price for corn is $2 a bushel, the government may think the price is too low to ensure a decent standard of living for the farmers and so fix the minimum price to $3 a bushel. This means that the farmer is guaranteed $3 a bushel. Note that a minimum price has to be set above the equilibrium price to be effective.

2. Unskilled labor. To protect unskilled laborers from exploitation, the government may set a minimum wage for employers to pay.

3. Urban tenants. Quite often, during a housing crisis in an urban area, rents for single room bedrooms may be hard to find and very expensive. The government may intervene to protect urban workers by imposing maximum prices or rent controls. For example, the government may say a one-bedroom apartment should not be rented for more than $500 a month.

4. The poor. In our equilibrium analysis in the previous chapter, the equilibrium price for bread was 300 naira. The government may deem this price to be too high for the poor to afford and proceed to fix a maximum price or price control of say 200 naira. But as most economists would affirm, price controls do not ameliorate but rather create shortages and other problems.

In many cases, the government might find itself in a fix as to which actors in a market to protect—consumers, producers, or importers—as illustrated with the control of sugar prices in Kenya.

> Nzoia Sugar Company will keep sugar worth Sh500 million in its stores due to low price and an influx of cheap imports from the East African trading bloc. Nzoia Outgrowers Company Director Joash Wamang'oli wants the government to give the firm money to pay farmers as they wait for market prices to stabilize. Mr. Wamang'oli told journalists in Bungoma that the firm cannot sell the produce at current market prices.

"The government needs to rescue Nzoia Sugar farmers," he said.

Mr. Wamang'oli called on the government to protect millers and cane farmers against exploitation by middlemen dealing in cheap sugar imports. He warned that if importation of the commodity went on unchecked, it would kill the local sugar industry. (*Daily Nation*, February 4, 2015)

In this case, the spokesperson for the Nzoia Sugar company, which buys cane sugar directly from farmers (known as outgrowers), called upon the government "to do something" about the low price for sugar, which hurt cane farmers. But at the same time, he wanted to ensure that importers did not come to take advantage of higher prices by flooding the market with cheap imports. Naturally, the question arises whether the sugar company was acting in its own interest or in that of the farmers.

Generally, prices are determined by market forces and no government in this whole world can successfully impose price controls and battle market forces; not even the US government, much less an African government with a tiny cadre of incompetent bureaucrats. Any government that, in a misguided effort, attempts to control market forces will either produce persistent commodity surpluses or chronic shortages. Human beings *everywhere* operate by incentives. If a government pays farmers more than what they can get on the market, they will overproduce the commodity. This has been the case in the United States, Canada, and the EU countries; hence the persistent surpluses of wheat, maize, rice, cheese, and other dairy products which they have difficulty disposing of and ship off as food aid to the Third World. In the United States, the minimum prices guaranteed by the government—called "agricultural support prices"—are set above prices farmers can get on the open market.[7] From an economic standpoint, this is a waste but kept in place for political and other reasons. For example, the government may seek the support of the farm lobby or farmers. The government may also decide that agriculture is an important part of the country's culture that is worth preserving.

In Africa, however, the object of African governments has often been to keep food prices low to placate urban consumers, who often constitute a political support base for the government. However, African farmers are no different from American farmers. Much of the smuggling of produce that occurs in Africa is simply movements of goods to places where they fetch higher prices. If the government forces farmers to accept a price lower than in a neighboring country, they would smuggle their produce to that country.

In the early 1960s, the producer price of cocoa in Ghana was higher than in Ivory Coast. Consequently, cocoa was smuggled into Ghana, culminating in Ghana's record 1965 crop of 494,000 tons. This was reversed in the 1980s when the price in Ivory Coast was higher, resulting in Ghana's output of only 150,000 tons.

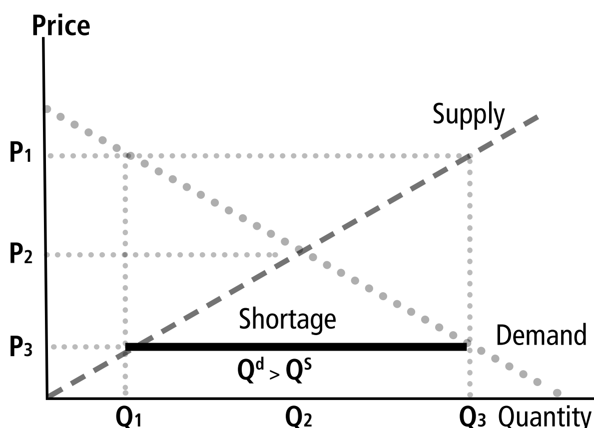
On the other hand, if a government pays farmers less than what they can get on the market, they will under-produce, and the immediate effect will be a shortage. This was evidenced in the former Eastern Bloc countries such as Poland, Russia, China, and many African countries, where there were chronic shortages of food. This economic fact has little to do with ideology; it is plain common sense.

In many African countries, government policies to make food available at reasonable prices flouted not only the laws of economics but also common sense. Agricultural marketing boards were established, to which farmers were required to sell their produce at artificially low prices set by the government. No farmer in this world, of his own free will, will sell maize at $100 a bag to the government when he knows he can get $200 on the free market, *unless he is forced*. And if he is forced, the normal human reaction is to cut back on production and grow something else *other than maize*.

When farmers switch production from a commodity whose price is controlled to one that is not, the result will be shortages of the controlled commodity due to reduced supply. Generally, when a commodity is in short supply relative to demand, its price will rise. One observes this even in Africa's own indigenous village markets. When fish is out of season, its price rises and when there is a bumper catch of fish, the price falls. But ever-prescient African governments often refused to accept this economic fact. When the price of a commodity rose, their immediate reaction was to look for a conspiracy and impose price controls, which exacerbated the shortage situation. Here is an example:

Suppose because of poor harvest, a bag of maize starts selling at $200. Following complaints by civil servants and urban workers, the government, in order to appease them, slaps a price control of $100 on a bag of maize. Producers or traders who violate this decree will be fined or jailed. Producers or traders who had acquired maize at a cost of $160 a bag and were hoping to sell it at $200 a bag, will withdraw the commod-

ity from sale. Selling the commodity at the government-dictated price of $100 would mean a loss of $60 to them, which must come out of their own pockets. Nobody, of course, wants to lose money. And because the controlled price is generally lower, it artificially cheapens the commodity and thereby induces greater consumer demand. The combination of these two factors (withdrawal and greater demand) produces a shortage; demand Q3 exceeds supply Q1 in the diagram below.[8]



Workers who go to the market to buy maize will find that there is no maize. It will have "disappeared completely" from the market. But if one were willing to pay $200 for a bag, there would be plenty of maize to be purchased. Buying maize above the officially sanctioned price constitutes a black market transaction.

If customers willingly pay the $200 per bag, the market will simply ignore the government edict. Journalists from the state-owned newspapers may then conduct a "market survey" and report that traders are not "heeding the government call to sell maize at $100 a bag." The government may then employ "price inspectors" to enforce the control price and arrest traders who violate it. A special tribunal may be established by the government to prosecute violators. All these happened in Ghana in the 1981–1983 period, when the government imposed stringent price controls and established Price Control Tribunals to hand down stiff penalties. However, it is necessary to understand the evolution of the controlled economy in Africa.

B. The Drift toward Statism

In the 1950s, one of the principal grievances against the colonialists was the charge that they did not "develop" Africa. And even when they tried to, they did so in European, not African, image. When Africa gained its independence, therefore, "development" became the national preoccupation since it was part of the logic of the liberation struggle. But how to develop Africa?—and rapidly since the nationalist leaders had made election promises.

Unfortunately, the postcolonial era was characterized by poor leadership and policy blunders. The leadership crisis in Africa was evidenced by the following dispositions and character failings: subordination of national interests to personal aggrandizement; inflated egos; misplaced priorities; poor judgment; and total lack of understanding of even such basic and elementary concepts as "democracy," "fairness," "rule of law," "accountability," and "freedom"—among other deficiencies. Leadership in many countries was a disappointing failure. They demanded one-man, one-vote, but did not establish democratic systems in their countries. In 1990—after more than thirty years of independence—only four of the fifty-three African countries were democratic. These countries were Botswana, Gambia, Mauritius, and Senegal. In 2017, this tiny number had grown to only seventeen.[9] In many African countries, independence was in name only, where one set of masters (white colonialists) was traded for another (black neocolonialists). Oppression and exploitation of African people continued unabated.

African nationalist leaders, who waged the gallant and arduous struggle against colonialism, endured economic hardships and made personal sacrifices to win independence for their respective countries. Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, and Kenneth Kaunda of Zambia, for example, gained international stature for their fight against colonial injustices and their freedom crusade. But they also suffered from a few personality and character flaws, such as impatience, "religion of development," and economic illiteracy. The first—the impatience to "catch up" with the rich countries or narrow the gap between the rich and the poor—afflicted almost all African elites. Nkrumah expressed it best when he said, "We must achieve in a decade what it took others a century" (Nkrumah 1973, 401). The desire to "catch up" is understandable, but the impatience led to haste, which made waste.

Second, the notion of "development" was widely misconstrued by the nationalist leaders to mean "modernity" or the adoption of modern and scientific ways of doing things—by implication, a rejection of existing ways as "old and backward." The logic was simple and evident. The developed countries were industrialized and used modern scientific techniques. Therefore, development meant industrialization and modernity.

This sort of reasoning is akin to the *post hoc ergo propter hoc* or what social psychologists call the "refrigerator fallacy."[10] The tendency to equate industrialization and modernism to development was a manifestation of a pathological condition known as "religion of development." This religion, which shaped or directed much of the elite's postcolonial development effort, was characterized by the following:

- Excessive preoccupation with sophisticated gadgetry, signs of modernism, an inclination to exalt anything foreign or Western as sanctified, and a tendency to castigate traditional as "backward."
- Tendency to emphasize industry or industrialization over agriculture.
- Misinterpretation of the so-called characteristics of underdevelopment as causes of economic "backwardness" and for development to mean their absence.
- Tendency to seek solutions to problems from outside rather than from inside Africa.
- Attempts to model African cities after London, Paris, New York, or Moscow. This religion of development contributed to the neglect and consequent decline of African agriculture. Agriculture was too "backward" and simply did not feature in grandiose plans drawn up by elites to industrialize Africa.

Perhaps the most serious malady was economic illiteracy. How wealth is created was not well understood by the nationalist leaders. Confusion prevailed over the meaning of "socialism" and "capitalism." This confusion was compounded by the alleged association of capitalism with colonialism. Colonialism everywhere was detested with a vengeance by the nationalist leaders and African elites. They rightly denounced colonialism as evil, exploitative, and oppressive. However, because such African nationalists as Kwame Nkrumah, Julius Nyerere, and Kenneth Kaunda identified "capitalism" with "colonialism," they reasoned that capitalism, as an ideology, must also be evil and exploitative—a common syllogistic error, or error by association. Many African nationalist leaders then adopted socialism—the antithesis of capitalism—as their ideology.

A wave of socialism swept across the continent as almost all new African leaders succumbed to the contagious ideology, copied from the East. Proliferation of socialist ideologies that emerged in Africa ranged from the *"Ujamaa"* (familyhood or socialism in Swahili) of Julius Nyerere of Tanzania; the vague amalgam of Marxism, Christian socialism, humanitarianism, and "Negritude" of Leopold Senghor of Senegal; humanism of Kenneth Kaunda of Zambia; scientific socialism of Marien N'Gouabi of Congo (Brazzaville); Arab Islamic socialism of Gaddafi of Libya; "Nkrumaism" (consciencism) of Kwame Nkrumah of Ghana; and "Mobutuism" of Mobutu Sese Seko of Zaire. Only a few African countries such as Ivory Coast, Nigeria, and Kenya were pragmatic enough to eschew doctrinaire socialism. It never occurred to the nationalist leaders that socialism, as an economic ideology, was alien to Africa.

In much of Africa, the planned socialist transformation of Africa meant institution of a plethora of legislative instruments and controls. All unoccupied land was appropriated by the government. Roadblocks and passbook systems were employed to control the movement of Africans. Marketing boards and export regulations were tightened to fleece the cash crop producers. Price controls were imposed on peasant farmers and traders to render food cheap for the urban elites. A bewildering array of legislative controls and regulations were imposed on imports, capital transfers, industry, minimum wages, rights and powers of trade unions, prices, rents, and interest rates. Some of the controls were introduced by the colonialists, but in Ghana they were retained and expanded by Nkrumah. Private businesses were taken over by the Nkrumah government and nationalized. Numerous state enterprises were acquired. Even in avowedly capitalist countries like Ivory Coast and Kenya, the result was the same: government ownership of most enterprises, and a distrust of private-sector initiative and foreign investment. The problem was that no aspect of this economic ideology was in consonance with Africa's own indigenous economic heritage.

It must be stated in strong categorical terms that means of production in traditional Africa were privately owned, as we shall see in the next chapter. Huts, spears, and agricultural implements were all private property. The profit motive was present in most market transactions. Free enterprise and free trade were the rule in indigenous Africa. The natives went about their economic activities on their own initiative and free will. State intervention in the economy was not general policy, except in the kingdoms of Dahomey and Asante. Even in commerce, African states lacked state controls and ownership. In Gold Coast, for exam-

ple, gold mining was open to all subjects of the states of Adanse, Assin, Denkyira, and Mampong.

However, the nationalist leaders spurned their own indigenous heritage of free village markets and free enterprise and placed an abiding faith in the potency of the state to achieve their socialist nirvana. The state was also perceived by elites as "protector," "problem-solver," and "entrepreneur." It could protect the new African nation against the avaricious propensities of the multinational corporation. It could solve all economic problems, including underdevelopment. It could do so with a myriad of legislative controls, regulations, and edicts. Through these legislative devices, price controls, and agricultural marketing boards, massive resources would be transferred to the state for national development. Tragically, the socialist thrust failed massively, and the web of controls created lucrative opportunities for illicit enrichment by the ruling elites. The most notoriously abused and exploited was the import control system, where government officials demanded a "10 percent commission" before granting an import license. Such was the inception of the "culture of bribery and corruption."

Over the decades, the nationalist leaders occupied themselves with defending their failures by looking for a Western "imperialist plot." Some were booted out of office in the spate of military coups that swept across African in the 1970s. But the military rulers who took over were from the pits. The caliber of leadership (or driving skills, to keep with the development vehicle analogy) deteriorated dramatically.

Military rulers instituted a reign of brutal tyranny, self-aggrandizement, naked plunder, and resorted to vile and strong-arm tactics to perpetuate themselves in office. Nigeria, which ought to have been the "economic giant of Africa," was reduced to a comatose midget after decades of rapacious plunder by its kamikaze military rulers. More than $400 billion in oil money flowed to Nigeria between 1970 and 2000, but few Nigerians know what happened to the "oil money."

Elsewhere in Africa, national development became subordinated to the whims and mercenary instincts of the ruling elites who acted as if their countries belonged to them—and only them.

African governments took on more than they could chew. Statism or state intervention in the economy was pursued with a whole battery of controls on prices, exchange rates, interest rates, and other economic variables. These controls, together with other edicts and legislation, were intended to transfer huge resources to the state, which would, in theory, allocate them for development to benefit the whole country. By the early 1970s, much of Africa, practically, was under rigid state controls. Needless to say, this had serious unintended but predictable consequences.

C. Price Controls

Officially, price controls are supposed to make commodities affordable to the masses. The immediate effect of the imposition of a price ceiling, however, is creation of a shortage. If the government fixes the price of a commodity, for example, bread, at $1 a loaf *below* its prevailing market price of say, $3, the commodity is rendered artificially cheaper, increasing the demand. But producers (bakers), forced to accept a lower price, would reduce the supply because the government-dictated price is insufficient to cover their costs. The result is a shortage—a first-generation problem. The shortage, in turn, may create a black market (a second-generation problem, a secondary unintended consequence) where hoarding, bribery, profiteering, and shady deals may flourish as the commodity is illegally traded above the official price. Measures designed to curb profiteering or hoarding attack the second-generation problems. In other words, such measures attack the symptoms, rather than the root cause of the disease—the price control itself. It is important to remember that the first-, second-, and even third-generation problems can be found in other government measures.

If the official price (price control) of bread is $1, but the cost is three times as much ($3) on the black market, this creates an incentive for anyone to seek to buy bread at the official price and resell on the black market to reap a huge profit—a practice that was known in Ghana as *kalabule*. As such, everyone would want to seek access to or acquire bread at the official price. Political connections or knowing somebody in the government can be an asset. Where such connections do not exist, every effort will be expended to establish one since connections can be profitable. From society's point of view, the distortionary effects of price controls wreak enormous economic damage.

To illustrate this, imagine price control was absent and the price of bread was the free market price of $3. In this case, if people found the price too expensive, they would either refuse to buy the commodity, buy a substitute, or produce it themselves. However, in creating shortages and allowing the commodity to be obtained cheaply from government sources, price con-

trols induce people to "chase the commodity" or invest a substantial amount of effort and time in establishing the political connections needed to obtain the commodity at government-mandated prices. Such efforts, which could better be spent elsewhere, are a waste of time from society's standpoint.

Contrary to popular misconception, price controls do not make commodities "affordable." Rather, they make them more expensive because of the hidden costs involved in searching for the scarce goods ("search costs") and the time wasted in standing in line. It is these hidden opportunity costs that render the commodity much more expensive. The hidden costs can be eliminated by simply removing the price controls. But most postcolonial African countries followed in almost lockstep fashion the rigid price-control script.

In Nigeria, price control—fixing the price of petrol (gasoline) at 26 naira per liter ($0.18 cents per liter or $0.83 cents per gallon)—caused enormous shortages in tandem with inadequate supplies. Nigerians believe that since their country is an oil-producing country, they are entitled to cheap gasoline prices. But its state-owned fuel-refining firm, The Nigerian National Petroleum Corporation (NNPC), cannot produce enough gasoline to meet demand because most of its state refineries are out of commission. Funds allocated for repairs during the Abacha era were embezzled. "So it imports petrol (gasoline) at market rates, which it is then obliged to sell at a loss" (*The Economist,* April 26, 2003; 42). To maintain that price control, Nigeria's government spends about $2 billion a year subsidizing fuel.

Coming to office in 1999, President Olusegun Obasanjo tried on two occasions to remove subsidies on petroleum products. The economic reasons were cogent. First, cheap petrol encouraged waste of a declining asset. Second, the subsidies were costing the government money that could more usefully be spent on education, health care, or telecommunications. Third, since subsidized petrol cost only a third of the price of neighboring countries, much Nigerian petrol was smuggled across the border, leading to chronic fuel shortages in many parts of Nigeria. The entire situation was one of economic insanity: the government imported gasoline at market rates to sell at subsidized prices in Nigeria, but because prices were higher in neighboring countries, the same fuel is smuggled out, forcing the government to re-purchase and re-import presumably the same fuel into Nigeria, which will be smuggled out again in a never-ending cycle:

> In Nigeria, where corruption and misrule have squandered, by some estimates, as much as $400 billion in oil profits over the past 40 years, cheap gas is nothing less than a birthright. But Nigeria's dilapidated refineries cannot produce enough gasoline to supply the country. The government imports about $4 billion a year of petroleum products. Government subsidies have kept regular gasoline selling for about $2 a gallon, but the price of diesel, crucial for businesses and heavy transport, has rapidly risen. (*The New York Times*, July 12, 2008; A5).

Each time the government attempted to raise the price of gasoline, deadly and violent strikes and protests ensued. In June 2000, President Obasanjo tried to raise fuel prices by 50 percent. That move led to a general strike, organized by the Nigerian Labor Congress (NLC) and riots that left dozens of people dead. President Obasanjo was forced to rescind the price hike. He tried again in January 2002, but this time went for only an 18 percent increase. The NLC promptly called for a general strike and the country ground to a halt. Shops and banks were closed. However, President Obasanjo fought back, declared the strike illegal, and arrested NLC leaders. Two days later, strikers returned to work.

On June 20, 2003, Obasanjo's government tried again, announcing a 54 percent increase in the price of fuel. Nigeria's trade unions embarked on an eight-day general strike to protest the fuel price. "Labor leaders argue the steep price increases for petrol, diesel, and kerosene would only aggravate poverty among Nigeria's 120 million people, 70 percent of whom live on less than one dollar a day" (*Allafrica.com*, July 7, 2003). At least fourteen people were killed in violence during the eight days of the strike. According to union leaders, ten were shot dead by the police in Lagos during riots on the last day of the strike. Eventually, a compromise was reached between the NLC and the government on the price of 34 naira a liter ($0.24 a liter or $1.09 a gallon), which, by international standards, was very cheap. Of course, this would not solve the problem of gasoline/petrol shortages.

When US President George W. Bush visited Nigeria on July 12, 2003, Franklin Okoye, a civil servant, pointed out that President Bush never saw real Nigeria. If Okoye were chaperoning Bush around Nigeria, he would have canceled all talks with Nigeria's politicians and scrapped the ceremonial functions as well. Instead, he would have fed President Bush a bowl full of isi ewu, a peppery Nigerian delicacy made of goat head that would have left Bush's taste buds numb. Then

he would have taken President Bush to a gas station, where he would have spent all day sitting in his limousine, inching ever so slowly toward the pump, now and then sticking his head out into the choking smog to swear at line jumpers and curse the fact that an oil-rich country such as Nigeria does not have enough gasoline to go around.

> "This is the real Nigeria," fumed Mr. Okoye [during President Bush's visit] who spent six frustrating hours baking in his Honda Prelude as he sought to fill his tank after the stations opened after an eight-day strike. . . .There was pandemonium as drivers tried to force their way, or buy their way, into the front of the unruly queue. . . . Frustrated by the slow pace of things, [a driver called Dele] reached into his wallet and pulled out a 200 naira bill—the equivalent of about $1.50 and a day's wage for many Nigerians—and handed it to a man with a handful of bills who then allowed Dele into a faster-moving gas line. (*The New York Times*, July 13, 2003; A3)

It is important to analyze the cases of Okoye and Dele because they illustrate an important concept economists call "opportunity cost." The six frustrating hours Okoye spent in the gas line could have been spent more productively elsewhere. Because he was a civil servant he did not bear this "opportunity cost"—he was absent from his job for six hours and did not lose any pay. Taxpayers or the government bore the cost of paying him for no work done. If he endures this ordeal twice a month, it would translate into twelve hours a month (or 144 hours a year) of lost productivity. Obviously, Okoye is not the only civil servant who wastes six hours in a gas line. If a million other civil servants do, the cost to the Nigerian government would be enormous, running in the billions of naira.

There is an additional cost as well. When civil servants spend part of their time chasing scarce commodities and gasoline, the rate of absenteeism skyrockets. This, in turn, means that getting normal government functions—such as obtaining a passport—takes much longer. And to speed up that process, bribes may have to be offered there too!

Suppose, however, that Okoye were a taxi driver, earning 400 naira an hour. Assume that his Honda Prelude took ten gallons to fill the tank and one gallon was equivalent to 4.546 liters. At 34 naira per liter, it would cost him 1,545.64 naira to fill his tank, which, at the exchange rate of $1 per 144 naira, would amount to $10.73. But he would have wasted six hours in queue, costing 2,400 naira or $16.67. Therefore, total cost of waiting for six hours to fill his ten-gallon tank would be $27.40, which translates to $2.74 a gallon, which is even more expensive than gasoline in many parts of the United States! Of course, this analysis assumed that he was able to purchase gasoline after the six-hour wait—length of wait assures no guarantees—and further that the taxi driver did not have to bribe to jump the line. If any of these cases apply, then the taxi driver would have paid more than $2.74 per gallon, which would put the price per gallon among the highest in the world.

The point of this discussion is to drive home the fact that price controls do not make commodities affordable. Okoye would be far better off if there were no price controls on gasoline and the price in Nigeria was the same as in Benin. If the price were $2.00 a gallon or 63 naira per liter, Okoye would have all the gasoline that he wanted and would not have to waste precious time waiting in a smog-choked queue.

Unfortunately, initial mistakes made were compounded, creating a crisis situation, which spawned additional problems—bribery to jump gas lines, smuggling of cheap Nigerian gasoline to neighboring countries, absenteeism in the civil service, and hoarding of gasoline, among others. For decades, the energies of African governments were absorbed in managing crises and their attendant problems. Rather benightedly, many of these governments believed that more of the same bad medicine would cure the patient. Accordingly, more stringent government control measures were taken, which naturally aggravated the crises. Then authorities called for more powers and yet more severe measures to deal with the new crises—gasoline shortages, hoarding, and smuggling, for example.

In 1982, Ghana closed its borders to prevent the smuggling of cocoa to neighboring countries, where it fetched a higher price. In the late 1980s, Zambia also closed its borders to stanch the smuggling of cheap consumer goods to Tanzania and Zaire. Then, on August 9, 2003, Nigeria closed its border with Benin "over concerns about increased cross-border crime such as smuggling and people trafficking" (*The Washington Times*, August 10, 2003; A11). Did Nigerian government officials need to be told that their policy of ridiculously cheap gasoline was what was fueling smuggling across the border to Benin, where gasoline was more expensive?

Of course, Benin would protest the border closure, claiming it violated the protocol of the Economic Community of West African States (ECOWAS), which permits free movement of goods and people. The border

would be opened after a summit between the presidents of the two countries. Smuggling activity would resume, depriving Nigeria of much-needed gasoline. Threats would be issued: "Gasoline smugglers will be shot on sight!" But then, customs officials can always be bribed to look the other way. For much of the postcolonial period, most African governments have been engaged in such "crisis-management." Meanwhile, smuggled Nigerian gasoline fuels the economies of Benin, Togo, Ghana, and even Burkina Faso.

> In November 2011, Benin's finance minister acknowledged that more than three-quarters of fuel consumed there was illegally imported from Nigeria. In Togo, population 6 million, a 250-litre barrel sells for $300, a small fortune in a country where about two-thirds of the population live in poverty.
>
> The racket is a serious problem for governments, but a source of work for many people, and a boon for those who use the cheap fuel—the price is 15–30 percent less than in Togo's licensed filling stations. To stop such a flourishing trade is unthinkable in a country where the informal economy is pre-dominant—accounting for more than 70 percent of jobs in Sub-Saharan Africa, according to the International Labor Organization.
>
> A Nigerian parliamentary report, published in April, estilmated the subsidies had cost the nation $17bn in 2011, much more than the $8bn announced by the government. (*The Guardian*, October 2, 2012)

In 2015, the situation still had not been resolved. The price of oil had drastically dropped from $90 a barrel to $50. In response, the Nigerian government cut the controlled price from 97 naira to 87 naira and continued in the subsidy. Unaffected, however, was the supply situation. According to the explanation given by the government,

> The Minister of Petroleum Resources, Diezani Alison-Madueke, explained why Nigeria's four refineries in Port Harcourt, Warri, and Kaduna have still not undergone repairs more than four years after their original builders completed the technical assessments on them. After her assumption of office in 2007, the minister said she carried out [an] extensive tour of the refineries to assess the functional conditions of the various units. She said at the end of the tour, she was shocked at the extent of dilapidation and the state of decay of the equipment, adding that most of the units were so obsolete that they could hardly produce again.
>
> "To get a replacement for the equipment was not possible, because they were obsolete," she said. "For over 20 years, the equipment were not changed or maintained."
>
> The last time a comprehensive turn-around maintenance was conducted on the three refineries was in 1992. . . . The Nigerian National Petroleum Corporation (NNPC) monthly production information (MPI) for December 2014 showed that only Port Harcourt Refinery is currently functional at 8.77 percent capacity utilization. (*Premium Times,* January 23, 2015)

Petrol shortages remained and in the capital, Abuja, long queues of cars could be seen crawling to a gas station in March 2015.

Queues for gasoline in the capital, Abuja, on March 4, 2015 (Courtesy, Premium Times, *March 5, 2015)*

On the cause of the shortages, the ruling People's Democratic Party "accused the opposition All Progressives Congress of compelling marketers to either divert or refuse to sell petrol to embarrass the government" (*Premium Times*, March 4, 2015).

Rent-Seeking, Culture of Fraud, Bribery, and Corruption

The Byzantine maze of state controls and regulations provided the ruling elites with golden opportunities for self-enrichment. In Egypt, for example, securing an ordinary permit to put up a house required permits from no less than thirty government agencies with overlapping jurisdiction. In Ghana, securing a license to import a commodity required submitting an application in triplicate and getting approval from three levels of authority: the Ministry of Trade, the Ministry of Finance, and the Bank of Ghana, which resulted in an interminable waiting period during the 1970s. To set up a business in Nigeria, an entrepreneur had to comply with the 1963 Immigration Act, 1964 Indigenization Guidelines, 1968 Companies

Decree, 1972 Nigerian Enterprises Promotion Decree (amended in 1973, 1974, and 1977), as well as other stifling regulations pertaining to what could be imported, who could be hired, and how much could be repatriated abroad. In 1977, dividend payments were restricted to 40 percent. According to Martin Plaut, a BBC Africa analyst,

> World Bank says that four-fifths of the most difficult countries in the world to do business are in Africa:
>
> - **Mozambique**: 153 days to start a firm;
> - **Congo:** 155 days;
> - **Nigeria:** 21 procedures to register [a business, but just 3 in Finland];
> - **Chad:** 19 procedures;
> - **Angola:** Three years to enforce a contract. (*BBC News*, September 8, 2004; http://news.bbc.co.uk/2/hi/africa/3638018.stm)

Compliance with the multiplicity of regulations was often frustrating and time consuming. Tempers flared when applicants and potential investors were endlessly shuttled back and forth to obtain permits from senior government officials who, more often than not, were absent for extended lunches with their young mistresses. Hucksters saw an opportunity to "expedite" the process and charge a "fee." Civil servants could also exploit the situation. They would suddenly run out of application forms for passports, creating a contrived shortage. A bribe of say, $5 would promptly produce such an application form. In this case, a "shortage" of application forms is manufactured to enable the civil servant to extort a "premium," a "commission," or a "rent" for its "scarcity," as others do in a real black market. Economists call these kinds of activities "rent-seeking." Rent-seeking activities retard economic growth—merely redistributing wealth and not producing it. Rent seekers become rich extracting "commissions" on contrived shortages.

Many demand bribes outright, exploit their positions in government, and manipulate the state's regulatory powers to supplement their meager salaries. "Because every permit has its price, Nigerian officials invent endless new rules. A guard outside a ministry demands a special permit for you to enter; a customs inspector invents an environmental regulation to let in your imports; an airline official charges passengers for their boarding cards" (*The Economist*, August 21, 1993; Survey, 5). Indeed, said Tony Nze Njoku, "Every official transaction provides an avenue to amass wealth, which leads to poor service and failed government programs" (*Finance and Development*, June 1998; 56).

Almost every government regulation and nuance of policy can be exploited. Revenue collection, passport control, and even government stationery can all be diverted, manipulated, or used for illicit gain. In Cameroon, the Ministry of Finance and Economy is supposed to be open to the public at 11:00 a.m., "but for 500 Cameroonian francs the guards will let you in as much as three hours early" (*West Africa*, March 13–19, 2000; 16).

The phenomenon of "chasing files" breeds a culture of fraud, bribery, and corruption. "In Cameroonian government administrative services, if you do not give money your file will not be processed. Documents will even be removed from them in order to render a file incomplete. If you do not 'talk well' your file will be sat upon, your child will not go to school, the magistrate will send you to prison" (ibid.).

Quite often, however, the ruling elites take advantage of the same shortage situation they publicly lament and profit from their own mismanagement of the economy. They purchase commodities at government-controlled prices that they later resell on the black market to reap a huge profit. As journalist Ben Ephson explained,

> Kalabule dates back to the late Acheampong's era when inflation was rising uncontrollably in Ghana. It was at that time that chits were being issued, mainly to women to collect goods which were being sold on the open market. Non-bakers had huge allocations of flour and young girls just out of school were collecting weekly allocations of 100 bags of cement, ten cartons each of milk, milo, etc. [When Limann's civilian government was elected in 1979], party leaders felt those who helped the party come to power had to be rewarded. This reward came in the form of chits to collect flour, milk, sugar, beverages, wax prints, etc., which were in turn sold to Makola [market] women. The party man gave the price to his contact man at $650; the contact man too had to chop, so, in turn gave it to the market woman at $750 and before it got to the actual baker, the price ranged between $850–950. The control price of a bag of flour was $114. (*West Africa*, October 4, 1982; 2571)

In Rwanda, the late President Juvenal Habyarimana ran lucrative rackets in everything from development aid to marijuana smuggling. "Habyarimana and his in-laws operated the country's sole illegal foreign exchange bureau in tandem with the central bank. One dollar was worth 100 Rwandan francs in the bank or 150 on the black market. The president and his brother-in-law took dollars from the central bank and

exchanged them in the exchange bureau" (*Washington Post*, April 18, 1995; A17).

In Nigeria, "'Abacha, the late head of state of Nigeria, increasingly monopolized the oil trade for himself,' said John Bearman, a London-based oil industry analyst. 'There's no deal that does not go through the presidential villa'" (*Washington Post*, June 9, 1998; A19). In 1996 and 1997, more than $2 billion was diverted from Nigeria's four state-owned oil refineries by corrupt Finance and Oil ministers, leading to the collapse of the refineries for lack of repairs. When price controls created gasoline shortages forcing Nigeria to import refined fuels, the vampire elites immediately saw a profitable opportunity and grabbed that trade too, skimming off a percentage. "The government subsidizes the sale price of gasoline and other fuels, but Abacha loyalists among the officer corps and civil service divert much of the available supply to sell on the black market or to neighboring countries" (ibid.). In this way, they profit from the very problem they themselves created.

Price Controls in Venezuela—A Digression

Price controls produce equally disastrous economic consequences wherever they are imposed in the rest of the world. In 2008, the socialist government of the late Hugo Chavez of Venezuela imposed stringent price controls on several food items. In addition, the government seized agricultural land from private owners, but the lands were left uncultivated. The combination of these policies devastated agriculture and produced rampant and prolonged food shortages in Caracas, the capital, that lasted intermittently for years. Among the commodities in short supply were toilet paper, rice, coffee, sugar, oil, milk, and corn flour. Below is a picture of empty shelves in a food market like those posted on social media in January 2015.

According to *The Guardian* (September 28, 2013),

> In Avenida Victoria, a low-income sector of Caracas, Zeneida Caballero complains about waiting in endless queues for a sack of low-quality rice. "It fills me with rage to have to spend the one free day I have wasting my time for a bag of rice," she says. "I end up paying more at the re-sellers. In the end, all these price controls proved useless."

Suppose the bag of rice costs $5 at the government control price and $15 in the black market. Suppose in a day her wage was $30. The cost of the bag of rice was not $5 but instead $35 (price of rice, plus lost wages from waiting all day to purchase the rice). Obviously she would have been better off buying the rice from the black market.

And what was the cause of the shortages according to the government?

> According to President Nicolás Maduro, the food shortages are being artificially induced by the opposition. He claims they form part of wider plan concocted by the CIA to destabilise his government, sabotage the oil industry, and trigger power cuts.
>
> In response, Maduro announced the creation of a state council that would inspect private companies to ensure they were not deliberately slowing distribution or decreasing production. The oil-rich country will also import almost £600m-worth of food from neighbouring Colombia to ensure stores are well-stocked." (*The Guardian*, September 28, 2013)

D. Import Controls

The richest opportunity, however, was provided by import controls, which were intended to curtail the volume of imports and thereby conserve the scarce foreign exchange needed to import machinery and other equipment essential for development. Import controls and licensing were the tools often employed to reduce the huge demand and match it to the available supply of foreign exchange. But import controls and licenses became the most fraud-ridden systems.

To import an item, a permit or a license was required from the Ministry of Trade. The licenses quickly became scarce. Ministers quickly discovered that they could use the labyrinth of controls to enrich themselves. Ministers and government officials at the trade ministry demanded bribes—10 percent of the value of the import license—before issuing them. The withholding of licenses was then used to punish political rivals and businesses associated with the opposition. In the late 1980s, import licenses were denied to the publications *Free Press, Ashanti Pioneer* in Ghana, and *Footprints* in Liberia for their criticism of govern-

ment policies. In Ghana, the administration of import licenses was most notorious for its gross malpractices, which were exposed by various commissions of enquiry: see Akainyah (1964); Abrahams (1965); and Gaisie (1973). These commissions revealed that, with the payment of a bribe—usually 10 percent of the value—importers could import anything, sending the volume of imports out of control, since it became more lucrative for ministers to issue more licenses than they had foreign exchange to back. This often resulted in the accumulation of foreign debt.

Imports were often over invoiced to enable importers to keep some foreign exchange balances abroad. For example, suppose a product costs $100 to import from Britain. Through a secret agreement between the Ghanaian importer and the British supplier, the item would be invoiced for $250 and the invoice presented to the Ministry of Trade or the Bank of Ghana for payment, as all foreign exchange transactions were managed by the government. Upon payment of the invoice, the difference ($150) would be split between the Ghanaian importer and the British supplier. Similarly, exports were also under-invoiced. These schemes drained the country of much-needed foreign exchange. Since foreign exchange was scarce, civilians would connive with certain bank officials to defraud the Bank of Ghana of hard-earned foreign exchange. Then more commissions of enquiry were set. And on and on; nothing learned.

E. The Patronage System and Governance

Finally, state controls conferred upon the head of state—unintentionally perhaps—an enormous amount of economic and social power. Monopolization of political power had already been attained under the decrepit one-party state systems. The head of state soon discovered that the power to direct economic activity and to channel resources to the state could be used capriciously in a variety of ways:

- To channel development to certain areas of the country, such as his hometown,
- To undertake "social engineering" or indoctrination,
- To maintain his political support base and buy new supporters, and
- To punish rivals or the opposition.

Although African strongmen and officials administering state controls initially did make the effort to "spread development" to areas long neglected by the colonial administrators, they soon started to use the control regime for more selfish, political, social, and sinister purposes. Resources siphoned by the state could be used to buy political support (clientelism). Before long, state controls were being used by African leaders to advance their own selfish economic interests as well as those of their kinsmen and supporters, to silence their critics, and to punish political opponents. State controls also allowed African leaders to extract resources which were then used to build huge personal fortunes and to generate a "spoils system" (patronage) to buy political supporters. According to Taylor (2004), "The problem for African development is that whilst individuals within such patronage networks may benefit handsomely, the system fundamentally fails to promote economic growth and development and in actual fact rapidly sabotaged the high aspirations of independence" (p. 5).

Africa's autocrats also need political support. A spoils system, therefore, was devised to dispense patronage to loyal supporters, cronies, and tribesmen as well as buy new political support. In Malawi, the late Life President Banda used instruments of the state to pay his political supporters by transforming them into commercial agricultural estate owners whose prosperity and economic security depended upon their personal loyalty to the president. According to Libby (1987):

> At the center of political power in Zaire is the president and his personal allies who have control over vast powers of patronage that originate from the president. For example, the Bank of Zaire, SOZACOM (the now defunct state owned mining marketing organization), and the Gecamines (the state mining company) were under the president's personal control and were administered on his behalf by his family and close political allies. Thus Mobutu and his political allies use their control of the state apparatus not only to enrich themselves but more importantly to bind the ruling class together in support of the regime. (p. 273)

In Malawi, Banda was able to rip off economic surplus from peasant producers and transfer it to the estate sector through two commercial banks; his holding company, Press Holdings; and the parastatal Agricultural Development and Marketing Corporation (ADMARC). "Between 1972 and 1981, Press Holdings was the single largest recipient of ADMARC's loans. About 27.9 million kwacha (about $65 million) was transferred to the president this way" (Libby 1987, 191). These were huge sums of money the president could use to buy political support.

Strongmen can channel low-interest loans and contracts from public agencies to friends and allies. According to Kwame Ashaai, a columnist, "In Rawlings's Ghana, procurement or public works contracts are awarded to contractors, not on basis of ability to do the jobs well, and at the lowest costs, but on basis of affiliation and connections with the ruling NDC party or its top brass, or on basis of agreement to pay for the contracts" (*Free Press*, October 30–November 5, 1996; 5).

In Ivory Coast, companies with links to President Konan Bedie's family allegedly grew fat in financial services and commodity trading, while others gobbled up the most profitable privatized state companies (*The Economist*, December 12, 1998; 46). In Nigeria, for example, the late head of state, General Sani Abacha, used state controls to grant a business set up by his oldest son, Ibrahim, extensive privileges. The business, Delta Prospectors Ltd., mines barite, a mineral that is a source of barium and an essential material for oil production. "In the spring of 1998, shortly after Delta had announced that its operation had reached full production, the Abacha government declared a ban on imports of barite, making the Abacha-owned company the monopoly provider for the huge Nigerian oil industry" (*Washington Post*, June 9, 1998; A19).

State workers may be provided with subsidized housing and transportation or given "essential commodities" (sardines, corned beef, tinned milk) at government-controlled prices. In Senegal, people were rewarded for their vote with bags of rice; workers in pro-government trade unions got the best pay and conditions; student party members were first in line for scholarships (*The Economist*, April 18, 1998; 44). Some patrons may supply their clients with opportunities for illegal gain from public office. Corruption is another such opportunity—accepting or extorting bribes for decisions or actions taken in a public capacity. Other opportunities include theft of public property, the illegal appropriation of public revenues (fraud), and nepotism.

Strongmen may also "reward their clients by granting preferential access to resources which are subject to government regulation, permits. For example, favorable allocation of import or other licenses. All these allocations of non-governmental benefits can become counters in the game of factional maneuver. Corruption and misuse of public office has reached exceptional levels also in Nigeria" (Sandbrook 1993, 94). "One of General Abacha's main sources of patronage is the system that enables a lucky few to buy foreign exchange at 22 naira to the dollar, while others pay 80" (*The Economist*, November 9, 1996; 46). And "In Rawlings' Ghana, import permits, bank loans, etc., are awarded on orders of ministers, and only to friends, relatives, NDC members, or those who pay huge bribes. Businessmen and women who have NDC connections often enjoy tax exemption, penalty waivers, or get their tax obligations reduced. They may even be left to go free when caught evading taxation, or to have made false declarations regarding tax liabilities" (*Free Press*, October 30–November 5, 1996; 5).

Soldiers can be bought with pay increases, subsidized housing, commodities, and faster promotions. In 1993, General Ibrahim Babangida "rewarded nearly 3,000 of his most loyal military chiefs by giving them new Peugeot sedans, which cost the equivalent of $21,000 each in Lagos. A senior university professor, for example, earns about $4,000 a year, while a nurse or mechanic is lucky to bring home more than $1,000" (*The New York Times*, December 2, 1993; A3).

The success of the patronage system in buying political support, however, depends on the ability of the strongman or center to generate the resources required to appease or purchase the support of the major social groups. Such resources may be capriciously seized through exorbitant taxes, steep hikes in excise duties on imports, gasoline prices, and through various legislative edits and structures, such as price controls, value-added tax (VAT), marketing boards, and other state controls. Alternatively, the strongman may attempt to generate such resources artificially—on paper, by printing money. The net result is declining production, tax evasion, escalating government expenditures, recourse to the central bank for financing, and, ultimately, inflation.

Regardless, the dispensation of patronage to buy political support has resulted in soaring government expenditures and bloated, inefficient African bureaucracies that waste scarce resources. "Jobs for the boys" in the civil service, government boards, and public corporations become unproductive charges to the state. "In 1984, 20 percent of Ghana's public sector workforce was declared redundant by the Secretary of Finance" (*West Africa*, January 27, 1986; 178). "This country had 50,000 civil servants who were consuming 51 percent of the nation's wealth," complained Guinea's reformist prime minister, Sidya Touré (*The Washington Times*, October 17, 1996; A19). In Kenya, "the civil service has grown by 10 percent to 500,000

in ten years, whose salaries take up half the budget; another third currently goes in repayment of internal and external debts" (*The Economist*, April 19, 1998; 42). But trimming these bureaucracies, as demanded by the imperatives of economic reform (or structural adjustment), has been anathema to the ruling elites since it cripples their ability to maintain their political support base. In Ghana, the total number of cabinet and deputy portfolios reached an astonishing eighty-eight in 1995. Similarly, in 1996,

> President Robert Mugabe of Zimbabwe has upped his cabinet by two to 28. That takes the number of officials with ministerial status to 54. Economist Eric Bloch attributes Mugabe's move to an entrenched system of patronage: "It is regrettable. People continue to be rewarded for loyal past services even if we can't afford that reward. It's incomprehensible that Zimbabwe should require a cabinet of a greater number than the UK, France, or South Africa when we have a population that is a fraction of those countries." (*The African Observer*, May 23–June 5, 1996; 23)

South Africa has a twenty-five-member cabinet and seventeen deputy portfolios. This trend has continued over the decades.

In many African countries, government has become a scourge—its institutions hijacked by the ruling elites to enrich and serve their interests, not the poor. The public sector is packed with cronies, relatives and party supporters ensconced in parallel institutions, useless government agencies and ministries with overlapping functions. Ghana, for example, has the Ministry of Aviation, Ministry of Roads and Highways, Ministry of Transport, Ministry of Road and Transport, and Ministry of Ports and Railways. Why not just one Ministry of Transportation? Never mind.

Asked in 2004 to reduce state hegemony in the economy and create more reliance on the private sector, Ghana set up the "Ministry of Private Sector Development." To cut government spending, Mali established a "Ministry of Less Government Spending." Tanzania of course has the "Ministry of Good Governance," and Uganda, the "Ministry for the Pacification of Northern Uganda" . . . whatever that means.

Bureaucracies are bloated in Ghana. A huge government workforce there consumes 70 percent of the budget; it's 80 percent in Zimbabwe. The size of the government has grown so rapidly that it is suffocating many African economies. For example, in 1997, Ghana, with a population of 19 million, had eighty-eight cabinet and regional ministers plus their deputies. By 2004, the number had reached ninety-two, but it shot up to 110 in 2017—the largest in Africa. In 2009, Kenya had ninety-four and Zimbabwe eighty-two. Angola checked in with eighty-eight ministers and deputies. In addition, there are ministers of state at the presidency, presidential staffers and advisors. At each ministry there are principal secretaries, deputy principal secretaries, assistant deputy principal secretaries, etc. The next batch is comprised of governors or regional ministers and their deputies. Then there is the legislature—senators and MPs, all feeding off the government trough.

In Ghana, each minister must have a government bungalow (house), a Pajero (SUV), a saloon car for Madam, a garden boy, a cook, a day watchman, a night watchman, and a security guard to accompany the official. Then each senior government officer is entitled to a house loan, furniture loan, fridge loan, and even education loan for the children. Nigerian legislators are the highest paid in the world. Its senators enjoy an obscene smorgasbord of perks and allowances that take their salaries to a cool $2 million each, while 60 percent of the country's population earns less than $2 a day. One particularly outrageous perk is a "hardship" allowance. Olusegun Obasanjo, former president of Nigeria dismissed its National Assembly as "an assembly of thieves and looters."[11]

The extra-large public sector in many African countries is riddled with overspending, wasteful practices, willful extravagance with public funds, financial irregularities and willful profligacy. Too many ministries and government agencies mean soaring government expenditures. Ghost workers also abound in Ghana—over 6,000—on government payrolls with their salaries collected by living workers. Judges are on the take, some caught on camera demanding bribes. In Nigeria, 62,893 ghost workers were nabbed—and hopefully reburied. In Kenya, one ghost worker was caught with his salary being collected by a living professor.

Government, not the private sector, has now become the avenue for self-enrichment. The richest persons in Africa are heads of state and ministers who make their money by raking it off the backs of their suffering people. Being the president of an African country is an extremely lucrative occupation, which partly explains why they will almost never give up power and must be removed by force . . . often destroying the country in the process.

To facilitate the dispensation of patronage and reduce any threat to their power, the ruling elites usurp

control over all key state institutions: the army, police, civil service, state media, parliament, judiciary, central bank, and educational system. These institutions are packed with trusted lieutenants, cronies, supporters, and tribesmen. Professionalism in these institutions is destroyed and replaced with sycophancy. State institutions become paralyzed and begin to decay. Laxity, ineptitude, indiscipline, and inefficiency thus flourish in the public sector. Rule of law is for the oppressed people; official bandits are exempt. The functions of state institutions become debauched. The police are themselves highway robbers and judges are crooks. The worst institution is the military—the most trenchantly perverted institution in Africa. In any normal, civilized society, the function of the military is to defend the territorial integrity of the nation and the people against external aggression. In Africa, the military is instead locked in constant combat with the very people it is supposed to defend.

It is important to recognize that economic progress in Africa will be elusive unless the key institutions enumerated above are wrestled out of the control of the ruling vampire elites. This requires the establishment of *independent institutions*: an independent legislative parliament, independent central bank, independent judiciary, independent media, independent electoral commission, efficient civil service, and neutral and professional armed forces. The provision of Western aid should be conditioned upon the establishment of these independent institutions and not on the promises or rhetoric of Africa's coconut leaders.

F. The Destruction of Africa's Agriculture

"Freer, more democratic nations with better economic policies appear more immune to the spike in food prices. Meanwhile, less-open countries have employed anachronistic policies of subsidies and tariffs, exacerbating market fluctuations. It is no coincidence that Nigeria and Ethiopia have experienced rioting while Uganda, Rwanda, and Tanzania have been relatively calm."

—Josh Ruxin, Director,
Millennium Villages Project in Rwanda
(*Washington Post*, July 3, 2008; A17)

The previous section examined the *effects* of statism: state direction of economic activity and planning with a plethora of state controls (price controls) and establishment of state enterprises to forge Africa's industrialization drive. To recap, state controls created commodity shortages while inefficient and unprofitable state enterprises—established with foreign loans—failed to deliver the goods. These initial problems may be considered "innocent," but they fed on each other, creating additional problems or secondary unintended consequences. In this section, we examine these *second-generation problems*. For example, a food or agricultural crisis was produced when African agriculture—the livelihood of the majority of Africans—started its decline. Agriculture atrophied in many African countries because of the neglect occasioned by government obsession with industrialization, the imposition of price controls, civil war, and crumbling infrastructure.

Inadequate supply situation (commodity shortages), coupled with soaring government expenditures financed by printing money, resulted in inflation in many African countries. That, in itself, had undesirable consequences—for example, it discouraged savings and thereby depleted the funds for investment. Recall that the key to economic growth in Africa is investment, both domestic and foreign. Therefore, anything that discourages savings has a negative impact on investment.

To compensate for low domestic savings, African governments borrowed feverishly from abroad to establish state enterprises and initiate various development projects. But much of the loans were "consumed." In addition, the investment in state enterprises was generally unproductive. Investment projects failed and loans were squandered, producing a foreign debt crisis—the inability to service foreign loans on time.

Thus, one finds in many African countries the ludicrous spectacle of a government manned by a small cadre of incompetent and inexperienced bureaucrats attempting to manage a food crisis, a fuel crisis, a foreign exchange crisis, inflation, a banking crisis, a foreign debt crisis, and a development crisis all at the same time. At the end of the day, not a single one of them is resolved. The next day begins with the same crisis-management routine. Trapped in a perpetual crisis-management mode, government officials have little time to move the country in a new direction. Meanwhile, the problems multiply. Crises galore.

In the new century, hunger remains a persistent problem in Africa. At the beginning of 2003, an estimated 25 million Africans required emergency food aid. Although famine is often closely linked to drought and, in some countries, war, UN Food and Agriculture Organization (FAO) Director-General Jacques Diouf noted that even when there is no drought or other acute crisis, about 200 million Africans suffer from chronic hunger (*Africa Recovery*, May 2003; 1). Alarm was raised in 2001 by the International Food Policy Research

Institute, a Washington think tank, in its 2020 Global Food Outlook, warning of rising hunger on the continent. The report noted that "without massive investment in irrigation, roads to take the harvest to market and crop research, Africa might have 49 million malnourished children by 2020, a rise of 50 percent" (*Washington Post*, September 4, 2001; A12).

African agriculture provides livelihoods for "about 60 percent of the continent's active labor force, contributes 17 percent of Africa's total gross domestic product, and accounts for 40 percent of its foreign currency earnings" (*Africa Recovery*, January 2004; 13). Yet, agriculture has performed abysmally. Farmers' yields have essentially stagnated for decades. Although total output has been growing, this growth has barely kept pace with Africa's increasing population. Food production in particular has lagged, so that the number of chronically undernourished people increased from 173 million in 1990–92 to 200 million in 1997–99. Of that total, 194 million were in Sub-Saharan Africa. In 1997, Africa's total food imports amounted to $14.69 billion, slightly more than what Africa received in foreign aid from all sources (World Bank 2000b, 107). By 2000, food imports had grown to $18.7 billion in 2000 alone (*Africa Recovery*, January 2004; 14). By 2015, it had reached $35 billion.

Since 1970 agricultural output has been growing at less than 1.5 percent—less than the rate of population growth. Food production per capita declined by 7 percent in the 1960s, by 15 percent in the 1970s, and by 8 percent in the 1980s. From 1961 to 1995, "per capita food production in Africa dropped by 12 percent, whereas it advanced by leaps and bounds in developing countries in Asia" (*The Economist*, September 7, 1996; 45). The decline continued. Using 1989–91 as the base year, food production per capita index for Africa was 105 in 1980 but 92 for 1997 (World Bank 2000b, 225).

The Democratic Republic of the Congo exported food when it was the Belgian Congo. Today, it cannot feed itself, and neither can postcolonial Zambia, Sierra Leone, Tanzania, or even Zimbabwe. These countries, once self-sufficient in food production, now face sharp escalation in food import bills. As much as 20 percent of the continent's export income in the 1980s was spent on food imports (Chazan et al. 1992, 259). In 1990, it had reached 40 percent. In Nigeria, "One of every two persons lives in absolute poverty, earning less than a dollar a day, deprived of access to the basics of food, water, and shelter" (*The Washington Times*, October 21, 1999; A19). Back in the 1960s, 70 percent of Nigeria's 110 million people lived on agriculture, and the country was a major exporter of food. Benue state was known as the "food basket of the nation." Today, Nigeria exports only cocoa, rubber, and palm products, and imports rice, corn, wheat, and sugar (*The Washington Times*, April 13, 2000; A17).

At the micro level, the performance of Africa's economic sectors, except for mining and other extractive industries, has been weak. The most serious sectoral deterioration has occurred in agriculture. This is the life-blood of the African economy and accounts for "a much higher share of GDP than in other regions of the world" (ECA [UN] 1999; 8). Three out of four Africans are engaged in agriculture, with women making the most significant contribution. They perform "some 90 percent of the work of food processing, 80 percent of food storage tasks, 90 percent of hoeing and weeding, and 60 percent of harvesting and marketing, besides load carrying and transport services."[12] But finding enough to eat has become a formidable challenge for many. As Andre Miku, a retired mechanic in Kinshasa, Congo, is quoted in Chapter 1: "We cannot afford even a meal a day. We try to keep at least the children fed" (*Washington Post*, September 14, 1998; A16).

No Sub-Saharan African country has been able to achieve food self-sufficiency. The paucity of agricultural "success stories" suggests an abundance of individual horror stories. In 1982, food output per capita in Angola, for example, was estimated to be half the level reached in 1972. Its coffee output was one tenth of the 240,000 metric tons produced annually before independence. Some years back, Sierra Leone was not only self sufficient in rice, but was also able to export large quantities to other African states. It is now importing rice. Nigeria used to export palm oil, which it now imports. "Nigeria spends $3 billion a year importing food—including rice, sugar, chickens, and milk—which it could grow for itself" (*The Washington Times*, July 18, 2004; A6). By 2014, Ghana could not feed itself, its economy was a wreck, and it was seeking a bailout from the IMF. In an interview with *AllAfrica.com*, its president, Mahama, said this:

> I want to see a strong developmental component to whatever program that we work out with the Fund and the [World] Bank. We want to focus on infrastructure, jobs, and restructuring the economy to create industries that allow us to reduce our huge import bills. We want to see investment in rice production so that we don't have to spend $400 million on rice imports every year; in sugar

production so that we don't have to spend $200 million importing sugar every year; in poultry production so that we don't have to spend $190 million importing poultry ever year; in fish production so that we don't have to spend hundreds of millions of dollars on fish imports." (*AllAfrica.com*, August 18, 2014; http://allafrica.com/stories/201408180002.html)

G. The Causes of Africa's Food Crisis

Africa's agricultural crisis has been attributed to a host of factors, both external and internal. Among them are: protectionist policies of the rich countries, drought, poor soils, the use of "backward and primitive" technology, and increased competition from cash crops. These explanations, however, are unsatisfactory. It is true that the rich countries operate a battery of tariff and non-tariff barriers (duties, quotas, subsidies to domestic producers) against agricultural products from the Third World. The United States for example, protects its sugar, tobacco, and peanut producers. The European Union will not permit free trade in agricultural products that compete with those of its member states, notably citrus fruits, wine, tobacco, vegetable oils, and tomatoes (*The Economist*, September 7, 1996; 43). But if tariffs are the only cause, why don't African governments retaliate by slapping tariffs on imports from Western countries? More important, if these restrictive trade practices were hurting African agriculture, the situation in Africa should be one of excess supplies or food surpluses looking for an overseas market. But this flies in the face of reality. The situation rather is one of *declining* per capita production, not excess supplies.

Droughts have often been blamed for Africa's agricultural decline. This indeed appears to be the case for the Sahelian African countries. Senegal's agriculture has been ravaged by drought in fifteen of the thirty-seven years since independence. In Burkina Faso and Mali, drought is a perennial problem. But for many African countries, droughts only exacerbate an already existing precarious situation. Food production per person had been declining in many African countries well before the 1983–85 droughts that wreaked havoc across the African continent. Furthermore, the agricultural economies of Angola, Chad, Ethiopia, Mozambique, Sudan, Uganda, and Zaire were shattered more by warfare and internecine strife than by drought.

Furthermore, the lack of access to modern farming equipment did not hinder African food production, just as access to modern technology does not guarantee high farm productivity. In the United States and Canada, for example, Amish communities prosper using nineteenth-century farming methods. The basic resource is the farmer himself. In Africa, it was the ordinary Ghanaian farmer who invented and perfected the superior heap fermentation method of cocoa production while agricultural scientists were developing the box fermentation method.

The charge is also made that competition from cash crops hindered the production of foodstuffs. Two salient facts confute this conclusion.

First, in the 1950s, cash crops posed no threat to food production. In fact, Africa was exporting both cash and non-cash crops. Second, if it were true that cash crops were replacing foodstuff production, then one should expect to see increasing exports of cash crops as food production declines. Instead, the record shows that non-oil export production has been stagnant since 1970, a period during which the export volumes of all developing countries more than trebled. Export production has, in fact, declined in tandem with the decline in the production of food crops.

Nor do hostile world market conditions offer any credible explanatory power. Black Africa has not faced more adverse global conditions than other developing regions. According to a study by Charles Humphreys and William Jaeger, "Since 1975, Africa's non-oil commodity terms of trade have declined only half as much as those for all exports of primary commodities."[13]

This is not to minimize the impact of negative external factors, which can be severe. The point is that other developing countries faced worse situations but have been better able to adjust than the countries of Sub-Saharan Africa.

There has been a general tendency, on the part of African leaders, to overplay the external factors, perhaps to provide justification for more food aid or to shift responsibility away from their own failed policies. If the agricultural sector were on a strong basis to begin with, it would have recovered quickly from an externally induced shock. What, then, caused Africa's agricultural crisis? A combination of vicious internal factors: civil wars, state interventionism, and wrong-headed policies.

Agricultural performance cannot be analyzed in a vacuum but must be studied within the context of its sociopolitical setting. For sociopolitical reasons, African leaders generally neglected agriculture. When its importance was belatedly recognized, again sociopolitical factors conditioned or influenced the type of agricultural policy choices that African leaders made. Such

was the case in Niger until the late 1980s.

Heretofore, misguided government policies—ostensibly taken to help farmers—aggravated their plight and misery. From colonial times to the late 1990s, all trees in Niger were the property of the state. This gave farmers little incentive to protect them. Trees were chopped for firewood or construction without regard to the environmental consequences. There were not enough government foresters to police the country and make sure the trees were properly managed. The results were soil erosion, increasing desertification, poor agricultural yields, and worsening poverty—illustrating the perils of state ownership (*The New York Times*, February 11, 2007). Some sort of "green revolution" was achieved in the late 1980s when private ownership was allowed. As *The New York Times* report states,

> Over time, farmers began to regard the trees in their fields as their property, and in recent years the government has recognized the benefits of that outlook by allowing individuals to own trees. Farmers make money from the trees by selling branches, pods, fruit, and bark. Because those sales are more lucrative over time than simply chopping down the tree for firewood, the farmers preserve them.
>
> The greening began in the mid-1980s. . . . Mahamane Larwanou, a forestry expert at the University of Niamey in Niger's capital, said the regrowth of trees had transformed rural life in Niger.
>
> "The benefits are so many it is really astonishing," Dr. Larwanou said. "The farmers can sell the branches for money. They can feed the pods as fodder to their animals. They can sell or eat the leaves. They can sell and eat the fruits. Trees are so valuable to farmers, so they protect them." . . .
>
> A market in Droum is bountiful, thanks to increased crop yields, largely because newly planted trees have helped retain the soil and water. . . .
>
> They also have extraordinary ecological benefits. The roots fix the soil in place, preventing it from being carried off with the fierce Sahelian winds and preserving arable land. The roots also help hold water in the ground, rather than letting it run off across rocky, barren fields into gullies where it floods villages and destroys crops.
>
> One tree in particular, the *Faidherbia albida*, known locally as the *gao* tree, is particularly essential. It is a nitrogen-fixing tree, which helps fertilize the soil.
>
> Its leaves fall off during the rainy season, which means it does not compete with crops for water, sun, or nutrients during the growing period. The leaves themselves become organic fertilizer when they fall.
>
> "This tree is perfectly adapted for farming in the Sahel," said Dr. Larwanou. "Yet it had all but disappeared from the region" [under the old regime of state ownership]. (p. A1 and A6)

Often, outsiders compounded the problem of misguided government policies by failing to recognize the importance of these sociopolitical factors and tended to view the agricultural problem merely in terms of technological transfer and of increasing such inputs as tractors, fertilizers, etc. Even when the sociopolitical factors were recognized by outsiders, the tendency was to minimize their importance. Many foreign agencies and consultancies arrogantly assumed that traditional African ways of farming were useless and Western methods were invariably superior. As The Economist (September 7, 1996; 44) observed:

> In the Sahel, the FAO bullied farmers into growing potatoes. They produced a bumper crop, which then rotted unsold in city markets where potatoes looked as exotic as bush rats or kinkilaba would in a western supermarket. The foreign foresters who persuaded West Africans to clear their acacias and plant non-indigenous trees also ended up apologizing. Within a few years it had become obvious that the native acacias were vastly more suitable than the imported substitutes. They needed less water and less attention and, crucially, sprouted leaves for goats and sheep to browse on during the dry season.

Then there was the fisheries project, which Norwegian experts developed for the Turkana tribesmen at Lake Rudolf (now Lake Turkana). After the project was completed it was discovered that the Turkana people do not fish but raise goats and cows. As a further embarrassment, the cost of freezing the fish far exceeded the price they fetched in the markets (Whitaker 1988, 194).

When starvation became a threat and the importance of agricultural development was finally recognized, palpable confusion reigned, not only among African leaders but also among the international lending and food aid agencies about the kind of strategies to adopt to combat the hunger. While the World Bank and the International Development Agency (IDA) were lending millions to African governments for the purchase of tractors, fertilizers, pesticides, etc., a 1981 report by the Food and Agriculture Organization (FAO) about the crop-bearing potential of African soils maintained that Africa could feed itself without the use of these aids.

The interminable argument over who was to blame is futile. The primary responsibility for choosing be-

tween "bad" and "good" projects rested with African leaders and elites. But their own predisposition made them vulnerable to foreign misjudgment. Recall that the elites were imbued with a peculiar mentality ("religion of development") that held the peasantry in contempt and frowned upon the traditional ways of doing things, including farming. Agriculture was an inferior form of occupation. Industrialization was all the rage. Agriculture also reminded the elites of their colonial status as suppliers of agricultural raw materials. Furthermore, in the African countries themselves, there was great confusion and inefficiency in attempts to solve the food crisis. While some countries were pursuing collective agriculture, others were adopting integrated rural development (IRD) strategies. Again, sociopolitical factors influenced the choice of the strategy. The results, however, have nowhere been impressive in black Africa.

After independence, many African leaders adopted socialism as their guiding ideology and applied the same ideology to agriculture. But the socialization of agriculture—just like the other socialist experiments in industry and trade—failed miserably. We shall now look more closely at Ghana's agricultural crisis.

H. Ghana's Agricultural Crisis

When Nkrumah launched Ghana on the road to African socialism in the 1960s, he, like many African leaders, paid only lip service to peasant agriculture. The peasants, the chiefs, and the indigenous sector generally did not fit into the religion of development nor into the grandiose plans Nkrumah drew up to industrialize Ghana. His "Seven Year Development Plan" (1963–69), for example, devoted only two paragraphs to the agricultural sector, and the 1965 foreign exchange budget allocated a mere $2 million to agriculture, compared to $114 million for manufacturing and $312 million for imports.

When Nkrumah eventually recognized the immense contribution that agriculture could make to the country's economic development, he took his socialist program of state participation to that sector as well. Collective agriculture was envisaged. But the indigenous agricultural sector was skirted in a somewhat dysfunctional comprehension of the logistics of local food production. Nkrumah believed that he could not rely on peasant farmers for a rapid agricultural revolution because they were "too slow to adapt or change their practices to modern mechanized scientific methods" (Uphoff 1970, 602). Nkrumah saw mechanization and socialization as the quickest way to achieve an agricultural transformation.

Accordingly, for Ghana's agricultural development, Nkrumah set up state farms, and mechanization was to be the guiding principle. The state farms were to use "modern" and "scientific" techniques and serve as models to the "illiterate" and "primitive" peasant farmers who produce the bulk of Africa's food. The State Farms Corporation and its ancillary organizations—Workers' Brigade and Young Farmers' League—were assigned the major task of creating "a complete revolution in agriculture on our continent (and) a total break with primitive methods and organization and with the colonial past" (Nkrumah 1963, 27). The State Farms Corporation was to be a model of collective agriculture; the Workers' Brigade was to run settlement farms; Young Farmers were to be taught mechanized and scientific agriculture; and a Food Marketing Board was created to fix maximum prices for all foodstuffs and to improve the efficiency of the distribution system. After its establishment in 1962, the State Farms Corporation expanded its operations rapidly. But in less than five years, the State Farm experiment of collectivized agriculture had turned into a hopeless disaster.

Despite having the expertise of many of the Ministry of Agriculture's professional officers, ready access to capital and technical know how, favorable allocation of import licenses, and above all, government support, the State Farms achieved lower yields and smaller output per man than their "illiterate" peasant counterparts.

In 1964, the State Farm Corporation was cultivating only 3.3 acres per worker, compared to 5.1 acres per person in small scale peasant farming. The acreage per worker was 1.5 in the case of the Workers' Brigade and only 0.9 for the co-operative farms managed by the United Ghana Farmers' Cooperative Council. In 1963–65 the State Farms absorbed 19.8 million cedis ($7.92 million) in subventions (Killick 1978, 193). By the end of 1965, the State Farm Corporation had accumulated a net deficit of 17.25 million cedis after only three years of operation (Levine 1975, 34).

Four years after Nkrumah's socialist fiasco, the situation had not changed much. The 1970 Agricultural Census showed that, although cultivated acreage per person had fallen on both state and peasant farms, acreage of the State Farms (2.7 per worker) still lagged behind the peasant acreage of 3.6 per worker (Killick 1978, 193). The failure of the State Farms was even recognized in official circles. The Abrahams

Report (1965) noted that "the State Farms Corporation has not produced food stuffs in sufficient quantities to justify their capital and current investment" (p. 23). The conclusion of the World Bank mission, which stayed in Ghana toward the end of 1965, was that neither the State Farms nor the Worker's Brigade had had success in achieving either its aim of significantly improving agricultural production or of attaining financial self-sufficiency. Indications are that workers of both agencies produce little more, if as much, as they and their families consume and that if engaged in traditional agriculture they would produce significantly greater quantities of farm produce at a much lower cost (cited in Killick 1978, 194).

By 1971, only a quarter of the total State Farm acreage was under cultivation and the corporation in the field of food farming seemed to have had a negative impact on peasant food production. There is evidence to suggest that the peasant farmers "looked upon the State Farms with anxiety" because the corporation "was unceasingly backed by taxpayers' money"; "feeling that their days are numbered," the traditional farmers had begun to "cut down on the scale of their farming" (Abrahams Report, 1965; 23).

The tragedy of Ghana's agricultural development was that successive governments after Nkrumah continued the scandalous State Farms and price control system. In 1970, for example, when peasant farmers with primitive tools were producing 0.49 tons of rice per acre, the State Farms were producing only 0.13 tons per acre (Killick 1978, 229). In 1981, the Limann government reorganized the State Farms into the Ghana National Reconstruction Corps (GNRC), but the results were the same. In 1983, peasant farmers were still producing 0.49 tons of rice per acre while the State Farms managed to produce a mere 0.13 tons per acre. Out of the $71 million voted for those State Farms in 1981, only $751,000 was recovered (*Daily Graphic*, July 21, 1981; 5). In one specific case, $720,000 was spent to house workers at a Ghanaian-German settlement project, but the farm earned only $95,216 from the sale of crops in the 1972–73 season (*Daily Graphic*, August 21, 1973; 11).

Notice that the $720,000 was spent on housing alone. Add to this the wages of the workers and managers, cost of equipment and land preparation, etc., and the loss becomes greater. By December 1982, the total number of State Farms established was seventy-nine, and only thirty-seven were either actively or partially operating. Their collective debt stood at over $158 million (*Daily Graphic*, December 22, 1982; 8).

The story of the Okumaning oil plantation, a State Farm, is pathetic. The Okumaning State Farms was established in 1975 with a capital of $24 million and a 2,000-acre palm nut plantation. Out of that acreage, only 23 acres were maintained by February 1982; the rest of the palm trees were overgrown with weeds and secondary forest. The staff at Okumaning farm was over five hundred. Total gross revenue generated by the farm over an entire four-year period was $34,000! Ripe fruit on the oil palm trees was left to rot at a time when Ghana had to import 57 percent of its national palm oil requirement from Benin (*Daily Graphic*, February 15, 1982, 5; November 12, 1982, 1; and November 20, 1982, 2).

It may be recalled that the state farms in the Nkrumah era accumulated a deficit of about $18 million after three years of operation. But the GNRC accumulated a deficit of about $81 million in just one year! Despite this, Parliament, on August 20, 1981, approved another whopping sum of $54.4 million for the same GNRC after rejecting an amendment calling for a reduction in the corps expenditure by $40 million (*Daily Graphic*, August 21, 1981; 8). It was clear, even by 1982, that the entire agricultural revolution in Ghana was an unmitigated disaster, as shown in Table 3.1.

It can be seen from Table 3.1 that, in 1982, the production of local food crops was, in many cases, less than half of what it had been in 1970. For example, production of plantain, a Ghanaian staple, was 745,000 tons; a substantial decline from the 1,644,000 tons produced in 1970.

In 1981, Ghanaian Vice President Dr. Joseph W. S. de Graft Johnson announced with much fanfare that

Table 3.1: Production of Important Crops
(Thousand Tons)

	Item	1970	1982
1	Cereal (Total)	857.5	543
	Maize	481.6	346
	Rice	48.8	36
	Millet	141.2	76
	Guinea Corn	185.9	85
2	Starchy Staples (Totals)	6,077.20	4431
	Cassava	2,387.80	2470
	Cocoyam	1,136.00	628
	Yam	909.4	588
	Plantain	1,644.00	745

Source: Ministry of Agriculture, Government of Ghana: Accra—Quarterly Digest of Statistics, September 1982, 74.

the short-term crash agricultural program launched by the government was being embraced enthusiastically: "A great many people responded positively to the call to go back to the land and have already started to think food" (*Daily Graphic*, October 17, 1981; 1). But even the state-owned newspaper, the *Daily Graphic*, saw the "success" of the cash program differently. In a cynical editorial, "Thinking Food Indeed," the paper wrote:

> We must admit that the government deserves commendation for the zeal with which it attempted to tackle the problem and the subsequent importation of agricultural inputs and equipment, notably fertilizers, tractors, harvesters, and cutlasses. We cannot however admit, or agree that there has been "a judicious use of these scarce resources."
>
> To start with all the cutlasses that were imported were the wrong type and had to be altered by local blacksmiths before they could be used. The scarce foreign exchange could have been used in importing raw materials for the local market factories, which would have produced the right types from the beginning. Apart from its resource and time saving, it would also have created employment for idle labor and machinery.
>
> Fertilizers were imported in good quantity and on schedule but we are all aware of the ordeal that it went through at the port. And even the "Fertilizer Evacuation Committee" that the President set up, could not, in conjunction with the ministry of agriculture, supply the input on time.
>
> Tractors were imported alright, probably the greatest number in any financial year. But when these are found carting produce and human beings in the cities we certainly cannot be made to agree that this is a "judicious use."
>
> The situation is still grave indeed as food shortage persists and food prices keep rising at incredible rates. (*Daily Graphic*, October 19, 1981; 2)

For much of the 1980s, Ghana therefore had to import maize from Mozambique—a war-torn country! "Ghana spends at least 72 million cedis annually on the importation of maize," said Ashanti Regional Secretary Mr. Kwame Kessie (*West Africa*, August 23, 1982; 2188). For much of the 1980s, Ghana's total imports of food stood at 200 million cedis ($85 million) annually (*West Africa*, February 7, 1983; 370). In the 1990s, the food supply situation deteriorated further with Ghana importing $100 million on one commodity (rice) in 1999 alone.

As we saw above, by 2014, Ghana had to spend $200 million importing sugar; $190 million importing poultry; and hundreds of millions of dollars importing fish.

I. Other African Countries

Elsewhere in Africa, only lip service was paid to agriculture. Even though agriculture accounts for the livelihood of more than 70 percent of the population in Zambia and Zimbabwe and for 13 to 18 percent of the GDP, it only receives 6 to 9 percent of the budget in the respective countries. Agricultural research in Africa has generally dwindled due to underfunding. Research into peasant agriculture has generally been nonexistent since the focus has been placed on technologies suitable for adoption by large and medium-scale farmers. Nigeria allocated only 6.5 percent of federal spending to agriculture, and in Benin's Ten Year Development Plan (1980–90) only 5.8 percent of total planned expenditures was earmarked for agriculture, contrasting with the 10 percent allocated to agriculture in the Third World.

In Mozambique, "the FRELIMO party neglected the countryside in favor of the industrial urban areas and large scale state farms and plantations. However, this failed to consolidate its control of the country and to reconstruct the economy" (Libby 1987, 224). Predictably, the output of cashew nuts declined from 216,000 tons in 1973 (pre-independence year) to 76,000 tons in 1977 (post-independence year); sugar declined from 383,000 tons in 1973 to an estimated 166,000 tons in 1978; and tea production fell from 18,700 tons in 1973 to 14,000 tons in 1978. Mozambique's only other major cash crop for export—cotton—also underwent significant decline in production. For example, cotton (lint) fell from 46,000 metric tons in 1974 to 20,000 tons in 1981 (Libby 1987, 220).

Food production in Mozambique, as in Ghana, also declined seriously. Cereals fell from 801,000 metric tons in 1974 to 478,000 tons in 1980; rice from 120,000 metric tons to 70,000 tons; and maize from 450,000 tons to 250,000 tons for the same period. There was a serious food shortage in Mozambique, as these figures attest. It is tempting to attribute the decline in food production to the ongoing civil war. But the war merely exacerbated the effects of disastrous policies of statism. Ghana had no civil war, but its state farms could not feed its people.

In Ethiopia, Comrade Mengistu Haile Mariam overthrew Emperor Haile Selassie in 1974 and assumed power. In March 1975, Mengistu nationalized all land under the Land Reform Act. He issued a govern-

ment edict, Proclamation No. 31, which created Peasant Associations (PAs), to be composed of local farmers who elected their own leaders and had power over security, economic policy, and land redistribution within their communities. But the PAs quickly lost their autonomy and became organs of the state. Peasant farmers were forced to attend seminars organized by the Ministry of Agriculture, many of which included the political teachings of Marxist ideology the peasants did not understand. His regime, known as the Dergue, also took over most of Ethiopia's mining operations, commercial farming, banking, insurance, utilities, construction, road transport, and other industries.

He established the Agricultural Marketing Corporation (AMC) to control agricultural development and food distribution, requiring farmers to sell most of their produce to the AMC, which in turn resold their goods to urban associations, the army, and to state enterprises. AMC quickly became a tool to fleece the peasant farmers and transfer resources to the state. Prices paid by AMC were far below the free-market ones. As the following table shows, peasant farmers generally received less than 30 percent of the free-market prices for their produce.

GRAIN	AMC Farm-Gate Price	AMC Selling Price	Free-Market Average Price
TEFF			
White	48.00	69.55	124.83
Mixed	41.00	61.90	112.00
Red	37.00	57.55	93.67
WHEAT			
White	36.00	57.55	110.60
Mixed	32.00	53.15	74.00
Black	31.00	52.10	67.83
BARLEY			
White	30.00	49.90	115.00
Mixed	28.00	47.70	63.50

Source: Abraham (1994; 209).

Many peasant farmers, feeling understandably cheated, began to smuggle their produce into the cities where they could receive a higher market price. To discourage this, the AMC set up checkpoints along the roads into the cities, which not only resulted in further production losses, but also accentuated food shortages in the cities by preventing produce from reaching the needy in the cities.

Mengistu also instituted a villagization and resettlement program in which he proposed moving 34 million people (roughly 75 percent of the total population of Ethiopia) into state controlled communes, guarded by the army—300,000 strong and the largest in Africa. But the resettlement program was hastily conceived and poorly planned and executed. Truckloads of people were simply dumped in a new area without adequate resources for them to survive. Tens of thousands of people died and many more faced severe malnutrition because of the resettlement (Habeson 1988, 197).

Villagization was touted as necessary "to move the population away from areas where the soil was degraded to combat the erosion of agricultural land. In addition, resettlement was to provide new opportunities to people in areas affected by drought and to those in highly crowded areas where landholdings were shrinking." An Ethiopian government official asserted: "It is our duty to move the peasants if they are too stupid to move by themselves" (*Time*, August 4, 1986; 32). True, soil erosion and land degradation were problems. But the measures the Mengistu government took to solve those problems were more damaging than the peasants' alleged "stupidity."

Dr. Aradom Tedla, former director general of the Ministry of Law and Justice, pointed out: "The Mengistu Government is one that is systematically oppressing religion, denying starving Ethiopians food, brutally relocating and 'villagizing' millions of people, and persecuting political suspects through false trials—which mete out death sentences and long prison terms indiscriminately."[14]

Even if relocation were truly necessary, conditions in the government camps were poor and unsanitary and resulted in the deaths of more than 150,000 Ethiopians. Once in the co-operatives, peasants were forced to walk as far as five miles to and from the fields every day at gunpoint. They were ordered to turn over all their produce to the state and to attend indoctrination seminars that praised the Mengistu government. In February 1988, when drought victims refused to participate in the government resettlement program in the northern town of Korem, Ethiopian troops opened fire on thousands, killing at least twenty (*Wall Street Journal*, February 12, 1988; 1). These insane policies totally devastated Ethiopia's agriculture. Between 1980 and 1985, agricultural production fell 3.4 percent per year while the population grew at approximately 2.8 percent (Harbeson 1988, 207). Nor were the state farms able to erase the food deficit. Despite receiving

85 percent of the agricultural credit available to farmers, the state farms generated only 4–5 percent of the agricultural production in the country (ibid., 174).

More insidious was the fact that the real goal of the resettlement program was to eradicate the indigenous power bases of the chiefs or traditional rulers that Mengistu perceived as a threat to his power. Those who opposed Mengistu were either shot or starved into submission. Food became a weapon. Villages that opposed Mengistu were either starved or destroyed. In 1984, while thousands of Ethiopians were starving to death, Mengistu spent $200 million to celebrate the tenth anniversary of Soviet imperialism. As children died, Mengistu and his army were consuming Scotch whisky, crates of caviar, salmon, lobster, and French champagne. Ten million dollars were spent to redecorate the statues of Marx, Engels, and Lenin in Addis Ababa, the capital.

After the Dergue was ousted, the Zenawi regime continued the misguided policy of state ownership of land. President Meles Zenawi claimed in a BBC interview on "Outlook" (January 17, 2005) that the state was acting only as a "custodian" and that security of tenure was more important than outright ownership. But the statistics did not bear him out. Of the state-owned land, only 12 percent was farmed by 85 percent of the farmers. Large plots remained unfarmed, indicating a reluctance to work on state-owned land.

In Tanzania, collectivized agriculture was another resounding failure. Despite the government's commitment to agricultural self-reliance, the share of agriculture in development expenditure declined from over 20 percent in the mid-1960s to 10 percent in 1978–79. Many African governments reportedly devote as little as 3–5 percent of their budgets to agriculture (Chazan et al. 1992, 264). On November 6, 1973, President Julius Nyerere of Tanzania declared, "to live in villages is an order." Accordingly, massive operations were launched that moved millions of peasants to new but scarcely suitable village sites with extensive destruction of property and with some use of force. Toward the end of the operation, there were 7,373 registered villages with a total population of 13,506,044 people.

The basis of the "villagization" (or Ujamaa) concept was to concentrate the peasantry in administratively and politically accessible units in order to implement a number of programs and measures aimed at raising the productivity of labor in household agriculture. The prototype of such programs was the National Maize Project (NMP), which was launched in 1975. It eventually covered a thousand selected villages, providing them with packages of improved seeds and fertilizers, management and supervision, and expanded storage facilities. Four years later, the NMP was absorbed into a new National Food Credit Program administered by the Tanzania Rural Development Bank. As *New African Yearbook*, 1993–94, explained:

> Though the theory of villagization sounded right on paper and was widely praised by development economists, it turned out to be an unmitigated disaster in practice. Despite the huge cultivable land area, the large labor force, and the wide variety of crops that could be grown, production of most crops showed a steady decline from 1978 when the first effects of villagization should have been making themselves felt. Output of food crops rose by only 2.1 percent between 1970 and 1982, well below the population growth of 3.5 percent. (p. 373)

Unfortunately, the other African countries that did not follow a socialist path fared no better. Nigeria, for example, chose to rely much less on the state. Before it gained its independence in1960, Nigeria was self-sufficient in food and a net exporter of palm oil. It made no serious effort at increasing food production, however, devoting only 6 percent of federal spending to agriculture until 1973, when the National Accelerated Food Production Project (NAFPP) was launched.

Almost all land in Nigeria is owned by the state. Farmers must lease it, and thus cannot use it as collateral for bank loans; all transactions involving land requires the approval of the state governor. When President Shagari came into office in 1979, he declared the "Green Revolution" the main priority of his administration and ultimately directed the program himself. About 15 percent of the Fourth National Development Plan was allocated to agriculture. The basic thrust of Nigeria's agricultural strategy, under both NAFPP and the Fourth Plan, was to turn to its small-scale farmers to increase food production. Although the strategy made sense, Nigeria was not immune to policy mistakes and blunders.

The program envisaged providing small scale farmers with high yielding varieties of seeds, tractors, fertilizers, insecticides, and other equipment at subsidized prices. Under the NAFPP, for example, farmers were to pay half the cost of machinery over a three-year period. The Fourth National Plan expanded this basic service program. Despite the huge investment, the agricultural revolution failed. Food production per capita fell an average of 2.5 percent a year from 1960 to 1982.

During the 1970s oil boom, agriculture fell into dismal neglect. Many farmers rushed to the urban areas to cash in on the new jobs and opportunities. Increasingly, Nigeria turned to imports to feed its population. By 1980, food production had tumbled by nearly 10 percent and food imports represented 15 percent of all imports. Even cocoa production was affected, plummeting from 330,000 tons annually to 165,000 tons in 1980.

The Babangida administration reshaped agricultural strategy by placing more emphasis on rural development. The Directorate for Food, Roads, and Rural Infrastructure was created in 1986 for the purpose of boosting food production. But it failed because "many projects were conceived, designed, and executed without consulting the local communities that [they] are supposed to benefit" (*West Africa*, July 20, 1987; 1384). Policy blunders aggravated the crisis as well. *The Economist* (August 21, 1993) provided one such example:

> The story of wheat is a victory of political folly over common sense. General Babangida slapped a ban on wheat imports in 1987. This was supposed to be a freeze to encourage domestic farmers and bakers. There was only one snag: Nigeria has the wrong climate. The only wheat it can grow does not bake into decent bread. The result: bread prices soared; smuggling from French bakeries in Benin flourished; Nigerian millers and bakeries went bust; and states exaggerated the size of their modest wheat crops to get bigger fertilizer subsidies. In December 1992, the government finally recognized the folly, lifted the ban, and bread prices dropped. (Survey, 10)[15]

For much of the 1990s, Nigeria's agricultural sector continued to be plagued by high labor costs, credit scarcity, corruption, and deteriorating infrastructure. Fertilizer, the main agricultural input, is often in chronic shortage due to diversion of the stock to unknown destinations by management and distributors of the National Fertilizer Company (NAFCON). So serious was feed shortage that "about 20 percent of poultry farmers packed up in 1994 and a further 40 percent of those who survived did so the following year" (*African Business*, November 1996; 24).

Unable to feed itself, Nigeria gave up and turned to imports. By 2004, the country was spending $3 billion a year on food imports—including rice, chickens, and dairy products (*The Washington Times*, July 18, 2004; A6). To help feed the nation, in July 2004, President Olusegun Obasanjo invited about two hundred white farmers from Zimbabwe, whose farmlands had been violently seized by the Mugabe regime, to resettle in Kwara state.

Senegal also followed this strategy of turning to the peasant farmers, rather than to the state, to produce food. But as in Nigeria, the system failed because the state still maintained control over every facet of input supply. "Peasants said ONCAD (the state monopoly peanut buying agency) distributed poor seeds, unless bribed, under-weighed crops, and generally 'creamed' farmers' profits" (West Africa, March 3, 1986; 486).

Until 1974, Zaire (now the Democratic Republic of Congo) was in a fairly good economic shape. But after that year, more and more of the country's investible resources were allocated by the state to the modern sector (mining, manufacturing, and services), benefiting mostly the urban centers. By 1974, Zaire's population had doubled since independence in 1960, and the urban population had quadrupled. But agricultural production persistently stagnated and remained below the output in 1974 as Table 3.2 (below) indicates.

The agricultural sector has been shrinking in real terms and in relation to the economy as a whole. "Hence, while the country was once self-sufficient in food production and indeed was a major exporter of agricultural produce, it has become a major importer of foodstuffs. Hunger and malnutrition have now become widespread" (Libby 1987, 276).

Table 3.2: Volume Indices of Agricultural Output
(1970 = l00)

	1972	1974	1975	1976	1977
Coffee	118.5	116	88	162.1	95.8
Cotton Fibers	106.2	96.5	95.3	66.7	58.5
Palm Oil	97.3	85.4	85	75.4	61.5
Manioc	83.6	111.9	119.4	122.2	124.5
Maize	150	177.7	138.9	142.2	144.4
Rice	111.1	166.7	150	152.2	153.3
Sugar Cane	109.6	140	148.9	113.6	134.3

Source: Kinshasa, Zaire: Bank of Zaire, Ministry of Planning and World Bank Mission (1979) estimates.

J. Reasons for the Failure of Africa's Agriculture

Many factors account for the failure of the agricultural revolution in Africa. According to the Comprehensive Africa Agriculture Development Program (CAADP), embedded in New Economic Partnership for African

Development (NEPAD), the reasons for Africa's agricultural stagnation are: "continuing dependence on uncertain rainfall, nutritional deficiencies in Africa's soils, small and dispersed domestic markets, the instability and decline of world prices for African agricultural exports, the small size of most farms, farmers' frequent lack of organization, the lack of rural roads, neglect of the particular needs of women farmers (who produce most of the continent's food), and the spread of HIV/AIDS [and the inability of prices to adjust upward]" (*Africa Recovery*, January 2004; 13).

We shall focus on three broad reasons—ignoring for the moment other factors like administrative ineptitude, corruption, financial problems, and HIV/AIDS. The first was the emphasis on mechanization; the second was the socialist ideology itself; and the third was the neglect—and often the downright denigration and exploitation of—peasant farmers. Little was done to assist the peasant farmers by providing them with improved infrastructure: feeder roads, tap-borne water, rural electricity, extension services, health clinics, etc. Instead, they were portrayed as "enemies" and persecuted under a myriad of government dicta, controls, and regulations.

The emphasis on "modern," "scientific" techniques and mechanization was particularly misguided and was yet more evidence of the preoccupation with the signs of modernity (religion of development). Mechanized agriculture was seen as a sign of progress, and African leaders who pursued mechanization did so with total disregard for experience and rationality. Considerable evidence had already accumulated that mechanization in Africa was generally unsuccessful (Dumont 1966, 56–59).

The obtrusive obsession with modern machinery by Ghanaian authorities was baffling. It makes no economic sense to import a tractor stripped down (no attachments), at a cost of $25,000 to work on a five-acre farm in a country with surplus or redundant labor. To be effectively utilized, a tractor requires a farm size of at least a hundred acres per worker. Nowhere in black Africa does the average farm size, including the state farms, even approach fifty acres per worker. (The State Farms in Ghana were cultivating only 3.3 acres per worker as compared to an acreage of 5.1 acres per person in small-scale peasant farming.) Black Africa is not yet ready for large-scale mechanization of agriculture. A child learns how to crawl first before he walks and runs. One cannot jump from simple agricultural implements like hoes and cutlasses to tractors and combine harvesters. Neither can one jump from a dugout canoe to a fishing trawler. But black Africa is a place where people are trying to fly when they haven't even learned how to walk.

Indeed, functionally illiterate Ghanaian officials advocated mechanization with total disregard for past experience. An attempt at mechanized farming in Northern Ghana in the 1950s proved an expensive failure and caused one official to conclude that "the fundamental lesson is, without doubt, that new ways cannot at present compete with traditional methods of agriculture as practiced in that region" (Agricultural Development Corporation Report 1957; 9). Also in the 1930s, the United Africa Company (UAC) found that their attempts to grow cocoa on a plantation basis could not compete with the traditional farming of this crop (Killick 1978, 210n). Elsewhere in Africa considerable evidence was accumulating that mechanization was generally unsuccessful; the failure of the famous "groundnut scheme" in Tanzania may be recalled.

Nevertheless, mechanization was the policy; by 1966 the total number of tractors in the country was nearly 4,000, but the rate of utilization was only 20 percent (ibid., 172). Yet, the mentality persisted. Emblazoned on the front page of the state-owned paper was the caption: "183 Tractors Arrive—The Ministry of Agriculture has taken delivery of 183 tractors and 30 combine harvesters. There are other farming inputs waiting to be cleared from the port" (The Daily Graphic, September 19, 1980; 1). Strange, how a poor country made increased production of food dependent upon the very inputs—tractors—that it did not produce. Most of the tractors imported into Ghana in the 1980s worked for a few months, broke down, and were abandoned to rust in the countryside.

The second general reason for the failure of collective agriculture was the socialist ideology itself. Many African leaders, especially Kwame Nkrumah and Julius Nyerere of Tanzania, mistook the communalism of African tribal life—strong kinship ties and participation in local affairs in village meetings—as evidence that Africa was ready for socialism. They were dead wrong. One can be socialistic or communalistic without necessarily being a socialist or a communist—an important distinction African leaders failed to make. If socialism is an alien economic ideology then socialized agriculture cannot succeed in Africa.

The third, and perhaps the most important, reason for the failure of collective agriculture was the neglect and downright denigration of peasant traditional

farmers. These farmers would have responded to the call to increase output had they been given the right incentives. As *Time* (June 6, 1986) put it:

> By and large, African peasants are capable farmers. The problem is that . . . African states provide little incentive to grow more food. The state-set prices are kept low to please city residents, but in many areas they are not high enough to pay farmers for the cost of production. Unable to make a living on the land, farmers join the exodus to the cities, compounding the hunger problem. (p. 37)

Wharton (1966) also offered this view:

> Peasant and subsistence farmers are indeed "economic men" who respond positively and negatively as quickly as the most commercialized farmers in the modern world. The evidence is quite clear that the subsistence man is fully responsive to the opportunity for a larger income (higher gain beyond costs and efforts spent) as the next man. Such responsiveness takes a variety of forms ranging from the introduction of new crops to the adoption of new practices, even those at odds with existing cultural methods. (p. 264)

And even the World Bank acknowledged as far back as 1982 in its *World Development Report* that: "Small farmers can be highly productive, typically producing more from each acre than large farmers do, despite the often considerable disadvantages of their limited access to services, markets, and production inputs such as fertilizer" (*West Africa,* August 23, 1982; 2147).

The bulk of Ghana's local foodstuffs is produced by peasant farmers who account for about 95 percent of the total farming production. The rest of the operations in the agricultural sector is in the hands of medium- and large-scale private individuals, commercial firms, public corporations, and co-operatives. These, however, are not significant; in 1974, for example, the commercial firms and public corporations accounted for less than 10 percent of the total food production. Yet, Ghanaian governments have generally viewed peasant agriculture as too "backward" and the techniques of production as too "primitive," to care about. Industrialization was more prestigious. But there were political and ideological reasons to shun peasant farmers as well.

Nkrumah, for example, felt that assistance to peasant farmers would create a bourgeois class that would undermine his political power (Fitch and Oppenheimer 1966, 67). Again, Nkrumah was quite explicit about this: "We would be hampering our advance of socialism if we were to encourage the growth of Ghanaian private capitalism in our midst" (Killick 1978, 63).

Too many agricultural projects crafted by the elites failed in Africa because they did not fit into Africa's unique socio-cultural environment; and they did not embrace Africa's peasant farmers. Back in 1981, the European Economic Community (EEC) was forthright: "Many development projects failed in Africa because they were on too large a scale and were not adapted to the population and the environment they were supposed to benefit. The projects of most lasting value are generally those which are simplest and directly benefit the local community concerned" (*West Africa*, June 21, 1981; 131).

Some attempts were made to reshape agricultural strategies to embrace the peasant farmers, but these state-mandated programs did not live up to expectations. Examples are the integrated rural development (IRD) programs that provided seeds, fertilizer, and other inputs directly to small-scale farmers and sought to improve the marketing and distribution of agricultural produce by providing infrastructural facilities (feeder roads, storage bins, wells, market centers, clinics, etc.). Such programs were undertaken in Nigeria, Ghana, Sierra Leone, Burkina Faso, and Benin, to mention only a few countries. In Nigeria, for example, maize, cassava, guinea corn (sorghum), and rice farmers were assisted through co-operatives to receive production inputs such as tractors, seeds, fertilizers, rice threshers, irrigation pumps, and processing equipment—all of which they paid for at half price over three years.

In Burkina Faso and Benin, a novel IRD program was tried, funded by the World Food Program (WFP). Villagers built schools, clinics, dikes, sinking wells, and boreholes in a community development effort. They were paid no wages but received free daily food rations from the WFP. The scheme, introduced in Burkina Faso in October 1981, involved the distribution over five years of nearly 35,000 tons of food in 83 million rations costing over $33 million. In Benin, the scheme was introduced earlier (in 1975), and since then WFP has distributed nearly $8 million worth of food.

Unfortunately, the results of the IRD and WFP's food for work programs were rather disappointing. In Ghana, the fertilizer distributed to farmers ended up being sold "in bowls for between 415 cedis ($5.45) and 430 cedis ($5.64) a bowl in the Salaga district in the Northern Region" (*Daily Graphic*, September 10, 1981; 8). The ordinary African peasant farmer does not understand tractors or fertilizers. Providing these inputs, even free of charge, is more likely to confuse him. He understands donkeys, compost, manure, and

cutlasses (machetes). Furthermore, the IRD authorities who dispensed these inputs were too far removed from the villages to understand the needs of the local farmers. Because the programs were often target oriented, the authorities were more often concerned with quantities—how many farmers were reached, how many acres were developed, etc.

Although the WFP food-for-work program was laudable in its aim, the strategy was misguided with the potential of undermining its own stated aim of increasing agricultural production. Consider a situation where community work programs, such as the construction of small irrigation dams or wells, increased rice production but rice farmers found it difficult to market their rice because of the free food rations. The second difficulty with WFP related to the fundamental fact that aid tends to induce dependency. A study of Burkina Faso's experience with food aid was quite revealing:

> The use of food aid as an incentive to farmers to participate in community development has distorted their conception of value, long—and short—term, of the work and has concomitantly undermined the interest that a farmer usually has in the future of his community. Often, among the farmers who have received food aid in the past for participation in community development projets, the overriding concern is with food aid (when and just how much of it will be distributed) rather than with the development work or its effects on their village or their families. (*West Africa*, March 1, 1982; 575)

Indeed, the study cited above noted that in two villages in Burkina Faso, work aimed at reclaiming a degraded piece of land was abandoned when it was learned that there would be no more free food. Some of the problems with agricultural development were elementary and should have been obvious to government officials in Africa.

Increasing agricultural production in Africa should not be rocket science. First, senseless civil wars destroy Africa's agricultural production capacity. Peasants cannot be producing food when they are fleeing from savage carnage and destruction. Second, the authorities need to recognize that peasant farmers produce the bulk (over 90 percent) of Africa's foodstuffs and about 80 percent of these peasant farmers are women. The environment in which the peasants find themselves to a large extent conditions or determines their economic behavior as well as the size, or the lack thereof, of the surpluses they generate. The environment the peasants face in Africa is composed of two parts: a traditional environment that delineates their indigenous value systems, attitudes, and motivations; and a national environment created by the government in power. In relative terms, the traditional environment is of greater importance since illiterate people tend to go more by custom and age-old practices than by convoluted national policies that they may not understand.

One pertinent feature of the peasants' traditional system is the large measure of economic and political freedoms they enjoyed under their traditional chiefs. These chiefs are closer to the peasants than central governments seated miles away in capital cities. The chiefs often understand the needs of peasant farmers, as well as those of their villages, much better than central governments. They also communicate much better with the farmers and command more respect from them than the government does. The British colonialists recognized this fact and used the African chiefs as intermediaries.

In traditional Africa, corrupt and autocratic chiefs are rare. Chiefly decisions are usually taken after consultation with an inner circle of elders. In fact, it is this inner circle of elders that makes decisions for the chief. A chief's role, by custom, is not autocratic but part of a consultative system of government—a fact that many foreigners, understandably, failed to see. An autocratic chief in Africa would be quickly removed or abandoned by the people. And unlike Fidel Castro of Cuba, the chief cannot stop anyone from leaving the village.

Under these circumstances, it makes more sense to have the traditional chiefs, rather than African governments, play the pivotal role in agricultural development, particularly since the chiefs are also the custodians of land. In many African countries, it is one of the traditional roles of a chief to play an active role in the village community's development. In Ghana, for example, villagers, under the leadership of their chiefs, provide free "communal labor" to build schools, clinics, markets, and other village infrastructure. An African peasant would work for free on a chief's farm rather than on a government farm. Furthermore, a peasant would handle agricultural tools, machinery, or property belonging to the chief with better care than he would government property. Property belonging to the chief is generally regarded as sacred since it forms part of ancestral wealth. This should not be confused with "socialized" or collectivized agriculture since the element of coercion would be missing. A peasant cannot be forced to work on a chief's farm.

K. Ghana's Experience with Price Controls

Perhaps nothing wrought more damage to Ghana's agriculture than price controls. They were introduced by Nkrumah in 1964 ostensibly to make food "affordable" and check rising food prices because of inadequate production. We saw the disastrous consequences of state controls on the price of gasoline with gas lines in Nigeria. It is often easy and politically expedient to issue such an edict because it purports to demonstrate to party supporters that the government or politicians are "doing something about the high price." But price controls create more problems than they solve. They strangulate the economy, cause serious dislocations and distortions, and wreak incalculable damage, not to mention the huge amount of resources they cost both the government and the people.

Although the strictures on price controls apply to both Nigeria and Ghana, a separate discussion about Ghana's experiment is warranted because of the nature of the commodity—food. Whereas oil in Nigeria is produced and refined by a few firms and purchased by millions of motorists, food, on the other hand, is produced by millions of peasant farmers and consumed by almost everybody. Furthermore, food production is the backbone of peasant economic activity. Therefore, price controls on food have the potential of wreaking far more economic and social damage.

In Ghana, price controls and various legislative instruments quickly became tools for the systematic exploitation of the peasant farmers. One undeclared intention was to milk the agricultural sector and transfer resources to the state. Another was to fix the prices of agricultural produce and render food cheap for the urban elites—the basis of political support for African governments. The prices peasants received for their produce were dictated by governments, not determined by market forces in accordance with African traditions. African chiefs do not fix prices. Bargaining over prices has always been the rule in all village markets.

In Ghana, the Marxist Rawlings regime denounced indigenous markets, which had been in existence for centuries, as dens of economic profiteers and saboteurs. It slapped stringent price controls on hundreds of goods during the 1981–1983 period. Not content with the commodity shortages occasioned by the price controls, the regime employed price inspectors and established Price Control Tribunals to hand down stiff penalties to violators:

- In June 1980, a magistrate, Mr. Kwadwo Asumadu Amoah, jailed a forty-three year old petty trader, Madam Abena Amponsah, for three years at hard labor for making an illegal profit of $1.50 on six cakes of "Guardian" soap. The same magistrate handed down a three year term at hard labor to an eighteen year old boy who made an illegal profit of fifty cents on a packet of matches. (*Graphic*, June 5, 1980; 5)
- The Brong Ahafo Tribunal imposed a 12,000 cedis fine on Grace Lamiere, a popular baker in Sunyani, for buying a bag of flour above the controlled price at Gonnorkrom. The Tribunal had earlier jailed Dora Mensah, also a baker, for six months and fined her 5,000 cedis for exchanging cedis on the black market. (*Ghanaian Times*, June 22, 1982; 8)
- An Accra trader, Umaro Shaibu, was jailed four years by the Price Control Tribunal in Accra for selling a bottle of Sprite soft drink for 7 cedis instead of 1.50 cedis. (*West Africa*, February 28, 1983; 576)
- On March 11, 1983, at the Kumasi Central Market, a pregnant woman, Yaa Amponsah, had her eighteen month-old baby flung to the ground and she herself slapped and kicked by a policeman who insisted on paying $1 instead $5 for two tubers of yam. At the same market, another pregnant woman was dragged on the ground by soldiers for allegedly selling above the controlled price, causing her to miscarry the next day. (*West Africa*, March 20, 1983; 487)

For all their faults, the British colonialists seldom perpetrated such heinous atrocities against Ghanaian peasants. Nor do even "backward" tribal chiefs use such force against their peasants. How did traders respond to these inanities?

> The brisk trading activities around Accra Central Market and the Orion Cinema Palace areas have slowed down considerably, following the coming into effect yesterday of the government's price control exercise in the Accra-Tema metropolitan areas. Most stores in this area did not open for normal business and only a handful of the large number of people, who previously sold various items on the pavements and sidewalks, could be seen.
>
> The few stores which opened for business had almost empty shelves unlike the situation last week and some stores had mounted notice boards reading "stock-taking." (*Daily Graphic*, January 18, 1982; 1)

The state-owned *Daily Graphic* reported that a section of market women and traders in Cape Coast

would not "heed appeals." It said a market survey there had shown that traders would rather withdraw their goods than bring prices down (*West Africa*, January 25, 1982; 272).

> Overland trade along Ghana's southeastern frontier has declined about 70 percent resulting in sharp fall in (customs) revenue. Observers attributed the fall in trade to the withdrawal of women traders in response to the strict enforcement of prices by the present PNDC government. (*Daily Graphic*, February 5, 1982; 1)

The authorities, in turn, responded by wreaking destruction "as a warning to traders who had decided to withdraw their wares instead of reducing prices" (*West Africa*, February 1, 1982; 286). "In January 1982, Air Force personnel destroyed over 400 tables and chairs belonging to traders at Apampam Store in Takoradi Central Market in a bid to enforce price controls" (*West Africa*, February 1, 1982; 286). Furthermore, "In February 1982, the PNDC Secretary for the Upper Region, Dr. Awdu Tinorgah, ordered a detachment of the Police Striking Force to enforce price controls, following the refusal of traders at the Bolgatanga Market to sell their items at controlled prices" (*West Africa*, April 26, 1982; 1170).

Markets were burned down and destroyed at Accra, Kumasi, Koforidua, and other cities when traders refused to sell at government dictated prices. In February 1982, "the Tamale Central Market was set ablaze, causing the destruction of large quantities of foodstuffs, drugs, and imported spare parts. Then John Ndeburge, the Northern Regional Secretary, set up a five-member committee of inquiry to investigate the circumstances leading to the incineration of the market" (*West Africa*, March 8, 1982; 684). Imagine deploying air force personnel and a police striking force to destroy tables and enforce price controls. Economic lunacy was on the rampage.

Worse, the little food that there was in Ghana was being destroyed! When that failed to intimidate the market traders, the military government launched house-to-house searches for goods (*West Africa*, February 15, 1982; 481). "The Rawlings government also declared that it would conduct unannounced searches of traders and stated that if any were found with hoarded goods they would be taken away to be shot by firing squad" (Herbst 1993, 26). This defied common sense. And the results of all these inanities?

Between January 1982 and April 1983, prices of locally produced goods rose by more than 600 percent. The price of a bag of maize, for example, went from 500 cedis in January 1982 to 4,000 cedis in April 1983; and for nine months, bread disappeared completely from the markets (*West Africa*, July 11, 1983; 1597).

Having jailed the traders and destroyed their markets, the government of Ghana discovered it had to feed them. But there was no food to feed the food traders it had jailed for allegedly selling or buying above government fixed prices. Thirty prisoners died in Sunyani prison for lack of food; thirty-nine inmates died at another (*West Africa*, July 15, 1983; 1634). Imagine. For the economy as a whole, "GNP per capita declined from $483 in 1979 to $447 in 1981 while by 1983 living standards had fallen steadily to some 16 percent of 1972 levels. The Urban Consumer Price Index (1977 = 100) averaged 363 in 1980; 800 in 1981; 976 in 1982; and by May 1983 was at 2,222.6" (*West Africa*, March 19, 1984; 618).

Instead of looking at inadequate food supplies, the Rawlings regime organized massive demonstrations to denounce "imperialists," "neocolonialists," and other imaginary enemies. The *Daily Graphic* carried cartoons portraying the United States and Britain as imperialist nations choking Ghana to death. Yet, in the same newspaper was a report that Ghana had received "500 metric tons of food and comprising sorghum grits and wheat soy blend from the American Government" (*Daily Graphic*, February 17, 1982; 4). There is no excuse for such economic lunacy. Wouldn't Ghana have been better off if all that time and energy wasted on demonstrations to denounce imperialism had been spent on producing more yams or corn to reduce the dependence on food from "imperialist" nations?

Between 1982 and 1983, the government of Ghana had in its employment more than three hundred price inspectors and more than twenty price control tribunals. It cost the government a substantial amount of resources to employ all these people to enforce price controls—an activity that did not result in even one extra tuber of yam being produced. The controls exacerbated the shortage situation. Wouldn't it have been wise, and better for the economy, if all those people had instead been placed on a farm to produce maize? As we saw earlier in this chapter, production of local staples like maize, rice, cassava, and yam in 1982 was half the level in 1974. Ghana therefore had to import maize from Mozambique.

I have come down hard on military regimes for their economically destructive and lunatic policies because no military dictator has brought lasting prosperity to

any African country. The rigid enforcement of stringent price controls by a military regime in Ghana effectively destroyed the country's capacity to feed itself. For much of the 1980s, Ghana's total imports of food continued to soar, reaching 200 million cedis in 1982 (*West Africa*, February 7, 1983; 370). The shortages created by price controls cost the country in other ways as well: lost output, reduced productivity, and absenteeism in the civil service. In the 1982–83 period, most civil servants were away from their desks, chasing after scarce commodities. Government business remained undone or took forever. A simple application procedure, for a passport, for example, took months instead of days.

Worse, price controls ended up making commodities more expensive to consumers if opportunity and search costs are factored in, as was done for gasoline shortages in Nigeria. More perniciously, price controls worsen the shortage situation over time and breed corruption. Commodity shortages induce people to hoard, which exacerbates the shortages. Government officials, charged with selling the commodity to the public at the control price, soon "exploit" the situation by diverting part of the goods to the black market to sell and pocket the price difference. Ordinary people may use their political connections to acquire the scarce commodity at controlled price and sell it on the black market to make a killing—a practice that was known as kalabule in Ghana.

All these activities exacted an enormous toll on the economy. The simple solution to all this waste of resources is to remove the price controls. In fact, no African government should ever, ever fix prices. Such practice was never part of indigenous Africa's village market culture. If the price of a commodity is too high, people should simply shun the product and buy a substitute. If African governments want more food produced, they should lift price controls. For example, in 1981, when Malawi, Somalia, and Zambia lifted price controls and raised prices paid to farmers, food production increased. The production of maize doubled in Malawi and by 1983, Malawi was producing enough maize for export. In Somalia, production of sorghum increased by almost 50 percent, largely due to increased prices to farmers. In 1985, when Ghana finally had the economic wisdom, at the instigation of the World Bank, to remove price controls, foodstuffs began appearing in the markets. But more still needs to be done to increase food production since the food situation in Ghana remains precarious. As the World Bank noted, "Little was done over the 1983–1994 decade to improve the productivity of the main food crops or to generate dynamic innovation in the small farmer sector" (World Bank 1995). Improvements in infrastructure—feeder roads; building markets; electricity, clean water, etc., in the rural areas—were desperately needed in the 1990s:

> Accessibility to the farm gates is still a problem in spite of the much trumpeted rural development programs. Fifty percent of food prices in the urban areas are made up of transportation costs. Because of the unwillingness of transport-owners to ply the most impassable roads, the few that are ready to ply the roads charge exorbitantly, a cost which is transferred to the consumers in the urban areas. This in turn has created a situation where the ordinary Ghanaian spends 60 percent of his income on food. (*African Observer*, May 29–June 4, 1997; 14)

It was necessary to discuss Ghana's experience with price controls in detail for two reasons. First, price controls so destroyed the agricultural base of the country that decades after the removal of price controls, the country was still not self-sufficient in food production. As previously mentioned, in May 2014, Ghana sought a bailout from the IMF, with President Mahama claiming the development funds were necessary to improve agricultural production. Second, it was necessary to review this in depth because country after country that tried Ghana's insane experiment experienced exactly the same results. Let's look at Zimbabwe for example.

L. Zimbabwe

Between 2000 and 2003, Zimbabwe faced a serious food shortage crisis and more than 11 million people—over 80 percent of its population—faced hunger and starvation. Like its erstwhile Marxist counterpart, Comrade Haile Marian Mengistu in the 1985 Ethiopian famine crisis, "the government, for months, denied that any serious food shortage was on the horizon, even as evidence mounted. Finally, the finance minister, Simba Makoni, publicly acknowledged the looming crisis and began laying the groundwork for an appeal for aid" (*The Washington Times*, October 16, 2001, A13).

When the international food donors responded, the paranoid Mugabe regime began acting strangely. "We are not hungry. . . . Why foist this food upon us? We don't want to be choked. We have enough," said Mugabe in May 2004, telling the international food donors to leave the country. In February 2005, the Mugabe government backed off forecasts of a bumper harvest and announced that 1.5 million people were in

immediate need of food aid, especially in the country's drought-stricken southern provinces (*Washington Post*, February 12, 2005; A13).

The food shortages stemmed from an unlikely convergence of natural and political factors. Many parts of the country have suffered from drought, while others have been buffeted by severe flooding. In addition, violent land seizure, orchestrated by a government plan to redistribute much of the land owned by the country's small white minority, disrupted food production and discouraged investment in agriculture. The shortages sent the prices of staples soaring.

In October 2001, President Robert Mugabe announced that Zimbabwe was abandoning market-based economic policies and returning to socialist/statist policies. He imposed price controls on basic foods, warning that they would be strictly enforced, and that the government would seize firms that shut down, withheld their goods, or engaged in illegal profiteering. Mugabe railed: "Let no one on this front expect mercy. The state will take over any businesses that are closed. We will reorganize them with workers and, at last, that socialism we wanted can start again. Those tired of doing business here can pack up and go" (*The Washington Times*, October 16, 2001; A13). The rhetoric was eerily reminiscent of Ghana lunatic experimentation with price controls in the Rawlings era.

Mugabe's government ordered price cuts of 5 percent to 20 percent on corn meal, bread, meat, cooking oil, milk, salt, and soap. Three days later, "Bread, cooking oil, and margarine were unobtainable across the country; bread shortages were also experienced in Harare. A main bakery chain in Harare said the set prices did not take into account transportation, power, and other costs; the chain had put 200 of its workers on shorter working hours as production was cut" (*The Washington Times*, October 16, 2001; A13).

The Mugabe government never learned, believing that more of the wrong economic medicine would solve the food shortage crisis. To halt the surging costs of staples like bread, government imposed more stringent price controls. The result? "The main effect has been a decline in supply from producers unwilling to settle for below-market prices. (*The New York Times*, November 10, 2001; A7). "Already, some farmers have been switching to more lucrative crops like soybeans and the pepper plant, from which paprika is derived. If the price of corn is held down too much, many more will abandon it, setting up much bigger shortages next year, the officials say" (*The New York Times*, July 18, 2001; A4).

Instead of looking at their own disastrous agricultural policies, African governments' instinctive reaction to a looming food shortage crisis is to look for a conspiracy. In Zimbabwe, President Robert Mugabe's government, "repeatedly accused white farmers of withholding the staple grain to create false shortages in retaliation for its drive to seize white-owned farms for redistribution to landless blacks. *The Herald* (state-owned) quoted Agriculture Minister Joseph Made as saying some farmers involved were foreign nationals whose land had been taken off a list of farms targeted for compulsory seizure under agreements with their home countries" (*Reuters,* January 22, 2002). Accusing them of hoarding, Zimbabwe's state grain board (Grain Marketing Board-GMB) impounded more than 36,000 tons of maize from white commercial farmers. This was almost an exact replay of Ghana's insane experimentation with price controls.

Obviously, Zimbabwean farmers would refuse to sell their grain to the GMB and sell them on the black market or to brokers outside the country. Indeed, this was precisely what happened. Zimbabwean farmers sold their grain across the border to brokers in South Africa, who in turn sold it to humanitarian relief organizations such as the World Food Program, which in turn shipped the Zimbabwean grain *back* into Zimbabwe as food relief aid! According to the state-owned Zimbabwean paper, *The Sunday Mail*:

> The grain shortages that hit Zimbabwe in the past two years were artificial as grain was exported and later re-imported into Zimbabwe as drought relief. Investigations show that some of the maize brought into the country as drought relief had actually originated in the country.
>
> Sources told *The Sunday Mail* last week that what has appeared in court following the arrest of farmer and businessmen Cecil Muderede, who is facing charges of externalizing grain and foreign currency, is only a tip of the iceberg. Muderede is facing charges of defrauding the GMB on 21 occasions of wheat valued at over $63 million and undisclosed amounts of maize. He also faces charges of defrauding Bak Storage of $13 million and of externalizing foreign currency to the tune of US$1.3 million.
>
> Sources have confirmed that there was massive externalization of maize and other products. The result was the food deficit which hit the country and threatened its security. There are also reports that some of the maize brought into Zimbabwe by the World Food Program as drought relief was actually Zimbabwean maize that had been externalized and bought by WFP on the open market in South Africa. (March 21, 2004)

Rather than remove the price controls that had created the artificial shortages, the government opted to create more bureaucratic controls:

> Greater attention would now be paid to the marketing of agricultural produce and products. A full position of director of marketing had now been established in the Ministry of Agriculture and approved by the Public Service Commission. The director would operate just like other directors such as the directors of Veterinary Services, Engineering, Livestock Production and Development, and AREX. Dr. Made said his ministry would soon be announcing the producer prices. Farmers would soon be told the preplanting price of wheat and of other crops. (ibid.)

When the situation did not improve, "the government limited the purchase and transport of corn meal by individuals. Roadblocks were set up on main roads, and Zimbabweans caught carrying more than two or three of the bags [could] face fines or imprisonment" (*Washington Post*, February 12, 2005; A13).

Zimbabwe's economic situation was deteriorating rapidly. According to Colin Powell, the US secretary of state, "reckless government mismanagement and unchecked corruption have produced annual inflation rates near 300 percent, unemployment of more than 70 percent and widespread shortages of food, fuel, and other basic necessities" (*The New York Times*, June 24, 2003; A31). To finance its soaring expenditures, Mugabe's government resorted to printing money. But so severe were commodity shortages that even the "government ran out of the ink and the special paper needed to print enough notes to keep pace with inflation, currently 365 percent and rising" (*The Economist*, August 2, 2003; 45). When enough ink was found, the money supply was gunned at an incredible rate of 226 percent in 2004 (*The New York Times*, May 21, 2005; A7). Eventually the currency collapsed in 2008.

By 2005, Zimbabwe's economy was already teetering toward collapse. There were shortages of nearly everything—from fuel, milk, cooking oil, to even mealie meal, the national staple. "At one downtown grocery, tubes of much-prized American toothpaste are kept in a locked case" (*The New York Times*, May 21, 2005; A7). The Zimbabwean currency was completely worthless, taking Z$20,000 to exchange for one US dollar. The black market was thriving and rumors of commodity availability instantly sparked a noisy rush to groceries. "Then the government sends the police to quell mobs outside groceries and gas stations, rounding up street merchants who deal too openly in black market goods and selling currency at illicit rates" (ibid.).

On May 18, 2005, about 10,000 traders were arrested in a police operation in the Zimbabwean capital, Harare. Paramilitary units armed with batons and riot shields smashed up stalls of street traders as they targeted the huge informal sector. The official statement claimed that the raids were aimed at black-market profiteers who were hoarding commodities. "Police will leave no stone unturned in their endeavor to flush out economic saboteurs," Police Chief Superintendent Oliver Mandipaka told the state media (*The New York Times*, May 24, 2005; A8). The police chief said informal business operators had been arrested and fined for operating without licenses or possessing scarce staple items such as maize meal, sugar, and petrol intended for resale on the black market. The police destroyed thirty-four flea markets and netted some Z$900M (US$100,000) in fines and seized some Z$2.2B of goods. President Mugabe blamed the West for the nation's economic crisis (*BBC News Africa*, May 23, 2005). Nothing was being learned and the same economic folly kept being repeated. On September 19, 2006, the government imposed price controls on bakers and "bread vanished from store shelves" (*The New York Times*, September 26, 2006; A11). By March 2007, the bread industry was on the verge of total collapse:

> Superbake, one of the country's largest bakers, yesterday announced that it had closed half of its bakeries and laid off about 1,500 workers as the impasse over the pricing of bread claimed its first casualty. National Bakers Association (NBA) acting chairman, Vincent Mangoma, yesterday warned of a total collapse of the industry if the government continues to ignore submissions made by the sector.
>
> "Bakeries are closed, they are not manufacturing bread. There is no way we can remain in business under these current circumstances," Mangoma said. (*The Financial Gazette*, March 22, 2007)

Desperate, the Mugabe regime resorted to even more draconian measures. In July 2007, government inspectors and plainclothes policemen raided shops and supermarkets to enforce price cuts as shoppers grabbed up goods in the growing price chaos across the country. Store managers in the capital, Harare, tried to limit shoppers to two items, but inspectors yelled at cashiers to clear the chaotic crowds. Bread and cornmeal disappeared from most shelves as stores complied with the order issued by President Robert G. Mugabe to halve the prices of basic commodities in an attempt to get a grip on rampant inflation, which reached an

official rate of 4,500 percent in May, though real inflation was estimated at closer to 9,000 percent. Crowds fought for sugar, bursting bags open (*The New York Times*, July 3, 2007).

A month after Mugabe's decree, *The New York Times* described the situation thus:

> Bread, sugar and cornmeal, staples of every Zimbabwean's diet, have vanished, seized by mobs who denuded stores like locusts in wheat fields. Meat is virtually nonexistent, even for members of the middle class who have money to buy it on the black market. Gasoline is nearly unobtainable. Hospital patients are dying for lack of basic medical supplies. Power blackouts and water cutoffs are endemic. Manufacturing has slowed to a crawl because few businesses can produce goods for less than their government-imposed sale prices. Raw materials are drying up because suppliers are being forced to sell to factories at a loss. Businesses are laying off workers or reducing their hours. (August 2, 2007; A1)

The precarious food security situation was exacerbated by a lingering drought over the 2013–14 period. On May 7, 2015, Minister of Agriculture Dr. Joseph Made was hauled before Parliament and grilled by the deteriorating food security. It may be recalled that Zimbabwe used to be the breadbasket of the region in the 1970s and '80s. The minister assured Parliament that Zimbabwe was in the process of importing 700,000 tonnes of maize to ensure the country was food secure, and indicated that the country's maize production went down by 49 percent.

Some MPs of the ruling ZANU–PF party jumped in to support the embattled minister. "We are working to secure grain. We hope that we will be able to develop our irrigation infrastructure. Furthermore, we encourage farmers to grow more drought-resistant varieties," said Mayor Justice Wadyajena, Gokwe-Nembudziya legislator. But as it turned out, it became apparent that drought had little to do with inadequate maize production. The real culprit was state-owned Grain Marketing Board (GMB), which lamented its own failure to pay farmers for their grain, a situation that led to most of them abandoning the crop (Nehandra Radio, *Voice of the People*, May 8, 2015, www.radiovop.com/index.php/national-news/12078-parliament-grills-made-over-food-shortages.html).

In June 2015, the government issued an order to evict, a seven-day ultimatum slapped on vendors across the country's cities and towns that were operating in areas undesignated by the government. The board spokesperson, Samuel Wadzai of the National Vendors Union of Zimbabwe, addressed this order in a press conference on May 28: "The National Vendors Union of Zimbabwe wishes to condemn in the strongest terms, the cruel, inhuman, and barbaric calls by minister of Local Government Ignatius Chombo for vendors operating on the so-called undesignated areas to vacate the space within seven days."

It was déjà vu all over again—the annoying repetition of the agricultural policy blunders in Ghana. The wise learn from the mistakes of others while fools repeat them. Idiots, on the other hand, repeat their own stupid mistakes.

Conclusion

From the previous chapters, it is apparent that Africa's developmobile is *kaput*, driven into a swamp of corruption, grotesque inefficiency, and arrant mismanagement. Instead of discarding it, the ruling elites cling to their pet toy—their pride and glory—furiously mumbling about neocolonial conspiracies, colonial legacies, and the slave trade, but never at their own incompetence. The development model they adopted after independence had many defects:

- It envisaged statism or state-directed economic development;
- It emphasized industry to the neglect of agriculture, the main occupation of the peasants;
- It was based upon aping alien ideologies or systems and, therefore, could not engender "organic development";
- It required massive investible resources, which Africa lacked, thereby necessitating heavy foreign borrowings, which were not properly invested; some in show of prestigious projects.

Economic problems quickly emerged. The state proved itself less prescient in balancing demand and supply than millions of ordinary people operating through the market system. State enterprises, established with huge foreign loans, failed to deliver the goods. The industrialization drive discombobulated. Price controls and other state controls on foreign exchange, imports, and rent created chronic shortages, exploited by the same government officials and private citizens with political connections. A culture of smuggling, rent-seeking activities, kalabule, bribery, and corruption was spawned. The neglect of peasant agriculture, among other things, led to declining food production per capita. Desperate for cash to sustain profligate spending, African governments resorted to printing money.

With inadequate agricultural and industrial production to mop up excess liquidity, a serious inflation problem emerged. As their economies stagnated or contracted, African governments found it increasingly difficult to service the foreign loans they took to finance unproductive investment projects or "black elephants," called state enterprises. Could Africa have avoided these pitfalls? Is there a better way to develop Africa? Certainly, and we look at these questions in the next chapters.

REVIEW QUESTIONS

1. a. "A black market is created whenever the government sets a minimum price (price floor) below the equilibrium price which forces producers to evade the government regulation." Would you agree? Explain. (10 points)

b. "A red market is created whenever the government sets a maximum price below the equilibrium price." Would you agree? Explain. (10 points)

2. "Rent controls ultimately hurt those they are intended to help." Would you agree? Explain yes or no. (20 points)

3. What were some of the character flaws of the first generation of postcolonial African leaders? (20 points)

4. Why is socialism alien to Africa? (20 points)

5. Nigeria is an oil-producing African country and yet it cannot produce enough gasoline to satisfy domestic demand. Explain why there is a chronic shortage of gasoline in Nigeria. (20 points)

6. How should Nigeria end fuel shortages and what are the main obstacles standing in the way? (20 points)

7. Explain why Africa, despite its immense resources, cannot feed itself. (20 points)

8. Would it help African farmers if their governments guarantee them minimum prices that are higher than the market prices?

9. a. Why did the villagization program fail in Ethiopia? (10 points)

b. Where else did this program also fail? (10 points)

10. Zimbabwe used to be the bread basket of the southern Africa region in the 1970s. Why was it importing grain by 2014? (20 points)

11. How could President Mugabe have achieved food sufficiency in Zimbabwe? (20 points)

Chapter Four

THE TRADITIONAL AFRICAN ECONOMY[16]

"When, if ever, black people actually organize as a race in their various population centers, they'll find that the basic and guiding ideology they now seek and so much need is embedded in their own traditional philosophy and constitutional system, simply waiting to be extracted and set forth."

—Chancellor Williams (1987, 161)

"Before 1890 there was no cocoa production in the Gold Coast or Nigeria, only very small production of cotton and groundnuts (peanuts), and small exports of palm oil and palm kernels. By the 1950s all these had become staples of world trade. They were produced by Africans on African-owned properties."

—Lord Peter Bauer (2000, 57)

A. Indigenous Economic Activity and Ownership of the Means of Production

There is still much mythology about Africa's indigenous economic system. The myth of "hunters and gatherers" persists, giving the impression that Africa had no economic institutions or culture before contact with the Europeans. Inexorably tied to their ancestral land, Africans supposedly eked out a living from primitive agriculture. Trade and exchange were supposedly unknown, since self-sufficiency and subsistence farming were the operative goals. Books on pre-colonial Africa dwell excessively on the "backwardness" of African technology. But Africa did indeed have economic institutions.

West Africa was particularly noted for its indigenous economic development. As Elliott Skinner (1964) observed:

> The peoples of [pre-colonial West Africa] had economies which made agricultural produce available in amounts large enough to be sold in rural and urban markets; craft specialization often organized along the line of craft guilds, whose members manufactured goods to be sold in these markets; different kinds of currencies which were nearly always convertible one to another and, later, to European denominations of values; and elaborate trading systems, external as well as internal. Goods produced in even the smallest West African societies were circulated in local market centers, and ultimately by porters, caravans, and boats, to the large Sudanese emporiums from which they could be shipped to Mediterranean areas in exchange for foreign products. (p. 205)

Africans engaged in a wide variety of economic activities. Although mostly primary—agricultural, pastoralism, hunting, fishing, and woodworking—there were also crafts and other industries such as cloth-weaving; pottery; brassworks; and the mining and smelting of iron, gold, silver, copper, and tin.

Agriculture was the primary occupation of Africans, and the basic unit of production was the extended family. Each family constituted itself into a working unit or labor force and acted as an operative economic entity that produced goods and distributed the fruits of labor as its members saw fit, allowing for individual discretion and reward. Within the family, there was specialization of labor and sexual division of occupation. Different crops were raised by different members and certain tasks were reserved for women. For example, the cultivation of food crops (domestic staples) was almost everywhere a female occupation. These distinctions still persist as the majority of Africa's peasant farmers today are women. In Ethiopia, however, women raised goats in addition to farming.

What a person grew on the land was his own free decision to make. The produce was private property. Even among the Kalahari Bushmen, "all that a woman gathered belonged to her alone" (Marshall 1973; 113).

How much a person shared with his kinsmen and how much he kept for himself was an individual decision to make. There was rarely a mandated, proportional distribution of produce among the extended family. As M. J. Field (1940, 62) observed of the Ga people of Ghana, "in farming every married man has his own farm though all help each other in clearing, so problems of division of produce do not arise.

The author with a typical peasant farmer. This place is called Philomena farms and is a three-acre plot at Nkyenekyene village in eastern Ghana. The woman farmer grows tomatoes, peppers, corn, and plantain. Slung over her shoulder is a hand-spraying machine to take care of weeds (December 2013).

In Africa, male farmers generally handle cash crops, such as cocoa, coffee, tea, and oil palm. In the picture, Mr. Boakye stands in his five-acre oil palm grove. The fruits in the picture at right are milled into palm oil, which has more than five hundred uses. It can be used to manufacture soap (Palmolive), candles, industrial lubricants, and biofuels.

In much of indigenous Africa, all the means of production were owned by the natives, not by their rulers, the chiefs, or by tribal governments. Feudalism was not commonplace in Africa, except in Abyssinia (Ethiopia). That means, in popular language, that all the means of production were privately owned. The hunting spears, fishing nets, cattle, pots, huts, farm produce, fish, textile looms, gold jewelry shops, and various tools and products were all privately owned. As Gray (1962) observed of the Sonjo of Kenya:

> Generally speaking, property is privately owned among the Sonjo. The only important exception is the building plots upon which houses are built. These are owned communally. The other forms of property are owned by individuals. Thus, a piece of property such as a field, a beehive, or a goat, at any given time can be traced in ownership to an individual. According to Sonjo law, a man has ultimate ownership rights in his own property and in all property possessed by his patrilineal descendants for as long as he lives. When he dies, these rights are inherited by his heirs. (pp. 45–46)

Centuries ago when Africa was sparsely populated, unoccupied land belonged to no one. Anyone could use natural waters and pastures. But as soon as a man sunk a well or built a dam, he could exercise exclusive rights over the water it contained (Schapera 1953). "The man who first came with his followers to settle in a previously unoccupied area was usually termed the 'owner of the land' and his heir would continue to receive respect for his primacy" (Colson 1953). Among the Tonga, who occupy the plateau of southern Zambia, the owner was called *ulanyika* and the Dagaaba of northern Ghana used the word *tendaana*.

On the inherited land, family members exercised only usufructural rights. A son had the right of use but could not sell the land. Ownership and control remained within the lineage. Lineage control over the land was exercised by the elders, and in some small tribes, by the chief. Communal ownership is really a misleading description of this system for it implies open access by all in the village to any piece of land, which was certainly not the case. Clearly, if what obtained was communal tenure, then shifting cultivation would be possible only when the whole community moved to another location. As Bohannan and Bohannan (1968) contend,

> Communal tenure is an illusion that results from viewing the systematic exploitation by kinship groups of their environment through the distorting lens of western market oriented and contract-dominated institutions of property and ownership. (88)

The more accurate description is family or lineage ownership. All those who trace their ancestry to a cer-

tain individual are entitled to use his original plot of land. The individual farmer makes his own determination about what to cultivate on that land.[17]

Africans engaged in a variety of industrial activities in the pre-colonial era. In Benin, "the glass industry made extraordinary strides" (Diop 1987, 136). In Nigeria, "the cloth industry was an ancient craft" (Olaniyan 1985, 104). Kano attained historical prominence in the fourteenth century with its fine indigo dyed cloth, which was traded for goods from North Africa. Even before the discovery of cotton, other materials had been used for cloth. The Igbo, for example, made cloth from the fibrous bark of trees. The Asante also were famous for their cotton and bark cloth (kente and *adwumfo*).

Capital

Economists define capital as anything that is not wanted for its own sake but aids in the production of further goods. Thus, Robinson Crusoe's fishing net is a capital good, as are tractors, industrial machines, and scythes. By popular usage, however, capital has come to mean funds or money needed to operate or start a business. In indigenous Africa, capital funds were generally scarce. There were banks in colonial Africa, but the natives lacked the collateral to obtain credit. To secure initial start-up capital for fishing and commercial operations, they turned to two traditional sources of finance. One was the "family pot." Each extended family had a fund into which members made contributions according to their means. While members were not coerced to contribute, failure to do so effectively extinguished one's access to the pot.

The fund was used for both consumption and investment. For example, it was used to cover funeral expenses, weddings, the educational costs of the more gifted among them, extension of the family house, or as capital. Among the Ewe seine fishermen of Ghana, the family pot was called *agbadoho*. Members borrowed from this pot to purchase their fishing nets and pay back the loans.

The second source of finance was a revolving credit scheme that was widespread across Africa. It was called *susu* in Ghana, *esusu* in Yoruba, *tontines* or *chilembe* in Cameroon, and *stokvel* in South Africa. The stokvel (or stockvels), however, was more than a rural credit scheme. It was an institution of mutual aid that provided support in case a member suffered bereavement or went to jail. The support was invariably extended to the member's family (Iliffe 1987, 136).

One could also borrow money by pledging farms, a practice common in Ghana and Nigeria (Hill 1986, 12). If borrowing was not possible, one could form a partnership with a person with capital. "A common arrangement involved three partners who shared the returns from a venture equally. In trading ventures, one partner supplied the capital, one transported the goods and braved the hazards of the trail, and the other organized the partnership, which in some cases involved little more than getting the capitalist in touch with someone who had the stamina and courage to make the trip" (Miracle 1971, 401; footnote 2).

Profit

Profit was never an alien concept to Africa. Throughout its history, there have been numerous entrepreneurs. The aim of traders and numerous brokers or middlemen was profit and wealth. In the brokerage business, the middlemen kept a fixed proportion of the proceeds. For example, among the Egba and Ijebu brokers of palm oil in Nigeria in the 1850s, a quarter of the price went to the broker and three-quarters to African suppliers (Newbury 1971). Profit calculations were always on the mind of African traders. For example, "The Nupe saw to it that the prices of goods corresponded closely to variations in supply and demand, and above all, to seasonal fluctuations. They also made sure that distance between the area of production and market, and the additional labor and loss of time involved in transport, entered into the calculation of price and profit" (Skinner 1964, 218).

Profit made was private property; it was for the traders to keep, not for the chiefs or rulers to expropriate. On the Gold Coast in the seventeenth century, there existed men of wealth, such as the Akrosang brothers and Edward Barter of Cape Coast; Aban and John Kabes of Komenda; John Kurankye of Annomabo; Asomani and Peter Passop of Akwamu and Accra; and John Konny of Ahanta (Daaku 1971). Chiefs did not sequestrate their wealth for equal distribution to all tribesmen.

The natives chose what to do with their profit. The traditional practice was to share the profit. Under the abusa scheme devised by the cocoa farmers of Ghana at the beginning of the twentieth century, net proceeds were divided into three parts: a third went to the owner of the farm, another third went to hired laborers, and the remaining third was set aside for farm maintenance and expansion. Under the less common *abunu* system, profits were shared equally between the owner and the

workers. Variants of this profit-sharing scheme were extended beyond agriculture to commerce and fishing.

Property Rights

Looting and arbitrary seizures of property by undisciplined soldiers was not a feature of traditional African society. Even the chief could not dispossess someone of his property without a full council hearing. When disputes pertaining to property arose, a chief's court adjudicated the matter. On pre-colonial African law and custom, Frances Kendall and Leon Louw (1986) observed that: "There were no powers of arbitrary expropriation, and land and huts could be expropriated only under extreme conditions after a full public hearing" (p. 18). This view is corroborated by Koyana (1980):

> Only in cases of, for example, the commission of a grave offence against the community, abandonment of the land, or when the chief required the land for himself or for another chief, was this right exercised. There could therefore be "despotic acts" giving evidence of an unbridled exercise of power, but there was always the safeguard that the powers were not exercised recklessly. *Public opinion would always be taken into account. There were also always the councilors whose advice was as a rule taken into account by the chief. In practice, therefore, the rights of the individual were never nullified.* [Emphasis added] (69)

Chiefs who thought they could violate individual rights or assumed that Africans were primitive communists whose property could be used by all, obviously did so at their own peril as the photo below shows.

His worldly possessions, not communally owned. Don't even dream of dispossessing him.

Free Market, Free Trade Tradition

Some goods produced by the natives were traded or sold in markets. Market development was inevitable even if self-sufficiency was the preferred form of making a living, for it was physically impossible for one homestead to produce everything it needed on the farm. By necessity, a surplus had to be produced to exchange for what could not be produced. In earlier times, such exchanges were done by canvassing from hut to hut, a time-consuming process. A market was simply a place where exchanges could be made more easily. Where exchanges occurred regularly, a marketplace would naturally evolve. The institution of a marketplace, then, evolved naturally. As noted above, markets were everywhere in West Africa. There were the small village markets and the large markets that served as long-distance interregional trade centers.

Pre-colonial rural markets in West Africa provided for the needs of local producers, consumers, and traders.

If the rural population and the volume of transaction were sufficiently large, the rural market operated daily. Otherwise, the rural market operated periodically. The periodic markets were organized on a cyclical basis of every three, four, five, and sixteen days to feed the daily markets. Each rural community had a market day. Where a cluster of villages existed, market days would be rotated among them.

An important characteristic of rural markets was the segregation of vendors or merchants according to the products they sold. Tomato sellers, for example, were all seated in one section of the market. It seemed the economic object was to promote competition, but there appeared to be a social one as well. It made it easier to locate a particular merchant. Market traders also seated themselves facing the homesteads or villages

At traditional markets tomato sellers are often grouped at one spot and yam sellers at another spot.

from which they came—should flight from the market be necessary. The seating arrangement also made it easier for a lost child to find his mother; for example, if the child knew what his mother sold and from which village she came.

B. Market Regulations and Controls

Generally, economic activity in African markets was not controlled by political authorities. Existing rules and regulations were aimed more at the preservation of law and order, the collection of market tolls, the use of standard weights and measures, and the supervision of the slaughter of cattle. For example, to prevent fighting in the Igbo market, there was a strict rule against carrying machetes or large knives. Traders generally sat with others from their villages. There apparently were no price controls.

In the Mossi markets:

> There are no official restrictions on the kinds of goods which may or may not be sold. In pre-European times, slaves and eunuchs were the common stock-in-trade of the major markets and of some of the smaller ones as well. The only active supervision that existed and still exists concerns the butchering of meat. Every person who sells meat in the market must exhibit the skin of the butchered animal in a public place so that there will be no question as to the ownership of the animal. If the meat in question is the remains of a cow killed and half-eaten by a lion, then the village or district chief must be notified before the meat enters the market. (Skinner 1962, 219)

Kojo Yelpaala (1983) also found that, in Dagaaba markets, "There was the freedom to buy and sell any commodity within the market environment (*daa*). Free and voluntary interaction between buyers and sellers produced a market-determined price. When this condition was violated, the transactions were said to result in *fao* (robbery) in the sense that the buyer or seller might extort a price lower or higher than the market-determined price, thereby reducing social welfare" (p. 370).

C. The Importance of Markets

The village market performed vital economic, social, and political functions that were well understood by the chiefs and the people. In fact, as Skinner (1962) observed of the Mossi of Ghana, "whenever and wherever there is a large gathering of Mossi there is a market. The rural market is the center of Mossi social life, and friends as well as enemies meet within its confines. What Mangin [a British explorer] wrote some 40 years ago is still true: 'Every self-respecting Mossi—man or woman, child or elder—must go to market at least once in a while, were it only to look and to be looked at, if he can put on some handsome clothes.'

Market scenes

Except for the Muslims who are now experimenting with a form of Purdah, there are few persons who do not go to market" (p. 168). Among the Akan of Ghana, Daniel F. McCall (1962) noted that the marketplace was not only "the source of food and clothing for the

family, it is the place where the wife and mother spends most of her waking day" (p. 65).

The rural market served many purposes:

- It provided peasants with the opportunity to exchange goods or occasional agricultural surpluses and to purchase what they could not produce themselves.
- It provided an indispensable avenue for social intercourse: to meet people, to gossip, or to discuss and keep abreast of local affairs. Dancers, singers, musicians, and other artists often went to the markets to display their skills. Work parties and weddings often took place at the markets.
- It served as a center of interethnic contact and channels of communication (White 1987, 41). It was at the market that important information about foreign cultures, medicine, product improvements, and new technologies was exchanged. As such, the market acted as an integrative force, a place for cultural and normative exchange.
- It often served as the meeting place for important political events such as durbars and village assemblies convened by the traditional rulers.
- It served as an important area for communication and dissemination of information. Among the Mossi of Ghana, "the market is the main communication center of Mossi society and news of happenings in the region can be heard there. If a new person is in an area, one can be sure that the people in the market will know about him, or that he will sooner or later visit the market" (Skinner 1962).

Most marketplaces were associated with religious activities. Markets were consecrated with shrines associated with them. The consecration emanated primarily out of the need for peace and calm at the marketplace. It was believed "such consecration would guarantee that supernatural sanctions would back up the political authorities in their maintenance of peace in the marketplace" (Bohannan 1964, 215).

In the 1850s, American missionary T. J. Bowen provided a vivid description of the importance of Yoruba markets:

> The most attractive object next to the curious old town itself—and it is always old—is the market. This is not a building, but a large area, shaded with trees, and surrounded and sometimes sprinkled over with little open sheds, consisting of a very low thatched roof surmounted on rude posts. Here the women sit and chat all day, from early morning till 9 o'clock at night, to sell their various merchandise. The principal marketing hour, and the proper time to see all the wonders, is the evening. At half an hour before sunset, all sorts of people, men, women, girls, travelers lately arrived in the caravans, farmers from the fields, and artisans from their houses, are pouring in from all directions to buy and sell, and talk. At the distance of half a mile their united voices roar like the waves of the sea. (Bascom 1984, 25)

In East Africa, studies by Gulliver (1962) also showed that markets were extremely important to the Arusha because markets provided them their "main opportunity for personal contact with the Masai in the conscious efforts to learn and imitate all they could of Masai culture" (p. 46).

Masai in Tanzania

Clearly, the marketplace was the heart of indigenous African society, the center not only of economic activity, but also of political, social, judicial, and communication activities. Perhaps the easiest way to annihilate an ethnic group was to destroy its markets. Such a destruction would assail the very core of the society and the extended family itself. The importance of markets in traditional African society has not diminished even today. As *West Africa* magazine (April 3–9, 1989) reported:

> Sixty years ago Cotonou was a cluster of villages surrounded by lagoons. Today, it is the economic capital of Benin with a population of 170,000. Its nerve centre is the Dantokpa Market. Animated from early morning to late at night, scores of small retailers line its voms, or streets. Mobylette repair shops, dressmakers, millers preparing corn flour and cabinet-makers carving red wood

> ply their trades next to traditional healers patiently waiting for clients. Vendors of pimento, peppers, spices, and vegetables with piquant odors stand behind their stalls, while itinerant peddlers are everywhere selling dried fish, potato-fritters, and corn flour.
>
> Near the old port are the stands selling textiles, the domain of the "Mama Benz." These vigorous business women usually ride in shining Mercedes cars, hence their name. Impressive by their girth and the sumptuous cloth they wear, their spectacular success has been built on the sale of colorful textiles, most of which they import from the Netherlands. (p. 514)

In indigenous Africa, the occupational system and the family structure were functionally related. Women have always dominated market activity in Africa. A benighted attempt to destroy or reduce the scale of operations of an indigenous African market and the consequent decline in female participation in market activity would send shock waves through the entire family system. The market was so important in indigenous Africa that Skinner (1962) asserted emphatically that: "No African chief can refuse to hear a case brought to his attention at market (though he may postpone it until a regular court hearing). These courts may be the same as—but are often different from—the arbitrating facilities for settling disputes which arise among sellers and customers within the marketplace itself" (p. 63).

To effect trade, direct barter was the medium of exchange in the early stages of African market development. Goods were exchanged directly. In many communities, however, various commodities were used as currency, including cloth, cattle, salt, iron bars, cowrie shells, beads, firearms, mats, and gold dust.

D. Market Prices

Every African today will declare that prices in the village markets are generally not determined or fixed by the village chief or king. This is a fact that has been true for centuries and must be stated emphatically since many modern African governments are ignorant of it.

Prices on indigenous markets traditionally have been influenced by several factors: the forces of supply and demand, scarcity, time of day, status of the consumer, relation with the seller, quality of the product, its degree of necessity, bargaining skills, and competition. In general, while prices are determined by the normal forces of supply and demand, the other factors merely shave off or add a few pennies so that two different consumers do not pay exactly the same price. Thus price discrimination exists in indigenous African markets.

Skinner (1964) observed that "Mossi merchants were very aware of the principles of supply and demand and held goods out of the market when prices fell, in order to obtain later higher prices" (p. 222). Vansina (1962) also found that prices on Kuba markets in Zaire, "behave in exactly the same way as prices do in European markets. The price is set by the relation of supply and demand. When shrimps first appear on the market, they fetch a high price. Later on, the price falls" (p. 235). On the Konso markets of southern Ethiopia, Kluckhorn (1962) discovered that, "supply and demand was the basic adjustment mechanism for prices" (p. 86).

Marguerite Dupire (1962) observed that on Fulani markets, "The price of millet and of salt, essential elements in the life of the nomad, vary in proportion to their scarcity. That of millet is at a minimum after the harvest and at a maximum just before the next harvest—variations on the order of one to four—while salt is less expensive at the return of the caravans which bring it back from the salt mines of the Sahara" (p. 36).

The status of the buyer also affected how much one paid for a commodity. Europeans knew that in indigenous markets, they paid higher prices than the natives. For this reason, many sent their servants to make purchases for them. The price of an item was often influenced by time of day. Toward the end of market day, most traders were in a hurry to get home or reluctant to carry home unsold goods. Africans knew that was the best time to obtain good bargains. On markets in south Dahomey, Tardits and Tardits (1962) found that

> Prices of all goods are at their highest in the morning. Sellers, though they know at which prices they will agree to sell, wait to see what their clients look like. The first customers make proposals, the merchants watch their colleagues and, after a few sales, prices tend to be set. Around 9:00, the market comes to a peak. An *akasa* seller told us: "If by 8:00, half of my pot of akasa has been sold, it is going to be a good market day; if not, it looks bad." When sales are slow, women will extend some credit or give bonuses rather than reduce prices. Nevertheless, the price falls slightly at the end of the day unless the balance between demand and supply remains favorable to the sellers.

On Abyssinian markets in Ethiopia, price declines toward the end of the market day were accelerated by the operation of a complex social factor. Amhara traders were particularly concerned about their "honor" and wary of being mocked by the Coptic peers. Messing (1962) commented:

> Unlike Arabs, the Amhara are too proud and not so intent on economic "maximizing" as to resort to badgering a customer. Amhara basket-makers may refuse to admit that their wares on display are for sale, claiming they were previously ordered and are waiting to be picked up by the customer. Then, to avoid having to carry unsold goods home, they sell cheaply when the market begins to close at about 4:00 p.m., two hours before dusk. Hence the proverb advises the buyer: "To church [go] early, to market [go] late."

Under normal circumstances, that is, barring any exceptional conditions with regard to closing time or prestige of customers, the forces of demand and supply determine prices but only within certain limits. For example, a pound of herring may cost between $2.00 and $2.50. If herring is relatively scarce, that is, there is greater demand than supply, it may sell at between $3.00 and $3.60. How much exactly one pays will depend upon two additional factors. The first is one's bargaining skills and the second is the level of competition on both the consumers' and sellers' sides. A skillful bargainer may obtain herring at $3.00 a pound whilst another customer may pay $3.75. Or if there is a great deal of seller competition, an individual may purchase herring at $3.00 a pound.

African market women, of course, wanted to make a profit while consumers were desirous of obtaining commodities at the lowest possible prices. Such opposing interests are inevitable in any exchange transaction. The "conflict" is resolved through bargaining. The purchaser would make a bid. The seller would lower the price a little. The purchaser, in turn, would raise the bid. The seller would then lower the price some more. Through this bidding and discounting process, they would settle on a price acceptable to both and the transaction would be consummated. Economists call this price the "equilibrium price."

In most indigenous African markets, higgling and haggling was the process by which prices were determined. Prices were not fixed by chiefs, kings, or any village government authority. People bargained over prices. Haggling over prices was the rule (Skinner 1964). "Bargaining was the standard feature of Yoruba economic transactions" (Bascom 1984, 26). And it was similar in Ethiopian markets (Kluckhorn 1962).

African consumers and traders were both adept at bargaining. Each group employed various tricks to enhance its bargaining position and interests. Consumers used various stratagems to secure commodities more cheaply. Africans, today, would affirm that one's bargaining position is influenced by a number of non-market factors; for example, past patronage, relations with the seller and "bluffing." As a "special customer," the seller may offer "a good price." Or a discount may be offered if the purchaser were a relative—a cousin or a niece. It was not unusual to see a buyer feign injury, with an arm in a sling. The hope was that the "injury" would evoke compassion. Or instead of making the purchase themselves, they would send somebody who "knew" the seller. Others employ the "tease" or the "bluff"; they feign interest in purchasing and then suddenly turn to walk away, hoping that the seller might call them back and offer them a lower price.

The standard trick of market women is the lament that they have not sold a single item all day and business has been poor. Some claim that they would make "only a little profit" if the item were sold at a particular price. Then there are those market women who are always dressed in black. Traditionally, a woman—bereaved through the loss of a husband, child, or a relative—wore black to evoke sympathy or compassion at the market place.

Traders also "tease." They may ask a potential customer to sample a cooked food item in the hope that the customer might be impressed enough to make a purchase. Traders, like consumers, employ deceptive practices as well. For example, salt merchants sell salt in cigarette tins, the bottoms of which have been filled with paper, and the salt is stacked above and over the edges of the tin.[18] Garri and flour sellers insert fingers in the bowl while filling it; then the seller adds a small quantity as if giving the customer a bonus. The usual trick of fish sellers is to slip a few large ones into a bunch of little ones. Tha makes it difficult to characterize the collection as "small" or "large." But prices vary according to the size of the batch.

Each side is aware of these tricks and takes appropriate precautions and devises strategies in bargaining. Buyers, of course, are not always fooled, nor do the sellers always succumb to bluffing. Tardits and Tardits (1962) provided a description of such a bargaining process on South Dahomean markets:

> Bargaining is the rule. Prices asked by sellers as well as buyers are always higher or lower than those which are finally agreed upon. Long debates ensue in which praise and insults have their place. The merchant seldom loses money since she may always refuse a disadvantageous bargain, whereas a buyer may be unaware of the market prices or become impatient and lose money . . . .

> A customer looks at a fish tray; the merchant asks 425 francs for 40 fish; the customer offers 350 francs. After a short discussion, the merchant is ready to sell. The customer then withdraws the offer and proposes 300 francs; the discussion goes on till the seller has accepted; the buyer thinks it over a second time and says: "275 francs." The merchant finally agrees but the customer drops the proposed price down to 200 francs. At this point, the merchant refuses to sell. Discussion starts again until at last the bargain is concluded for 225 francs. Customers who might have watched the scene could also have bought fish at the last price. In this case, there were none and the next customer to come along undertook the bargaining anew and finally paid 235 francs for 40 fish.

Since the Amhara of Ethiopia are imbued with a social propensity to uphold their honor, bargaining is conducted with a slightly different twist. The Amhara seller may refuse to state a price and ask the buyer to make an offer. If the offer is reasonable and the purchaser is on the same socio-economic level so that no problem of "honor" is involved (which would require a foreigner to be charged at least double), the transaction will be concluded promptly. If a social problem is involved, the seller has to guess how high he must increase the price (*waga asarrara*) to avoid being mocked. This makes him uncomfortable and he tries to disconcert the customer with veiled insults. The customer can play the same game; when buying sheep for food he may remark, "I am not expecting a hyena for dinner," i.e., "The animal you are trying to sell me is so lean, sick, and old that it is close to death and would soon be fit only for a hyena." As is clear, two different individuals generally do not pay the same price for an item. How much each paid was determined by how far one was prepared to go with the bidding or the discounting process. And how far one was prepared to go was influenced by many factors: the intensity of the need for the commodity, the number of sellers of the commodity at the marketplace, and the availability of substitutes. "If one 'desperately' needed a commodity for which there were no substitutes and for which there was only one seller at the market, obviously one's bargaining position would be relatively weak. Similarly, the fish seller would be less unyielding at the close of the market where there were numerous other fish sellers" (Kluckhorn 1962).

Competition often influenced prices, but the degree of competition varied from one village market to another. For example, Skinner (1962) observed that

> There is little competition about someone else having "stolen" a customer. The reason for this is that every person in the market is a potential customer of everyone else. Normally, a buyer simply moves from seller to seller sampling the goods if that is possible (some unscrupulous men can even get drunk in the process of "sampling" beer) and trying to get the best bargain. No seller would think of running after a customer, and customers seldom, if ever, move away from a vendor in the hope that he would be called back to be sold the article at a lower price. The result is that the pace of commerce in a Mossi market is somewhat relaxed, but the lack of intense competition prevents a great deal of hostility and quarreling among the market people.

This, of course, is in sharp contrast to markets on the West African coast where competition is keen. Tardits and Tardits noted that "competition is hard in Dahomean markets. Merchants sell either the same goods or products for which there are ready substitutes. The appearance of the goods is the first factor that will be taken into consideration by the customers. Sellers will insist on the fact that the food offered had just been made. They advertise 'crispy fritters,' 'freshly made akasa,' 'nicely cooked mashed beans,' or 'juicy croquettes.'" Miracle (1962) also discovered that on the copper-belt of Zambia and Zaire, "many commodities found in market places are sold competitively, often approaching the classical pure competition with many sellers no one of whom can affect price through his activities alone."

The scale of competition, of course, varies not only from one market locality to another but also with respect to the nature of the commodities as well. For example, the intensity of competition is less for sugar cane and some fruits since there are only a few sellers and collusion is possible. Indeed, there are attempts to corner rural markets, but such attempts more often than not fail.

Effective collusion or market cornering requires effective control over supply. For example, OPEC can corner the oil market because of the control it exercises over oil supplies. Furthermore, the nature of the resource is such that not everyone can produce it—only those countries which are geologically endowed with this resource.

By contrast, barriers to entry generally do not exist in indigenous Africa, particularly with respect to the production of agricultural produce. Anybody can cultivate sugar cane, gather fruits, or go fishing. Therefore it is not possible for fishermen to collude, corner

the market, and "gouge consumers" for any lengthy period of time. Even if they succeed in forcing up price by such action, sooner or later, some enterprising individuals would enter the fishing industry and provide fish at lower prices. It is this competition—not orders, decrees, or price controls—that keeps prices down. The best defense against consumer exploitation is *more* competition, not less. "Illiterate" chiefs knew this.

When competition is keen, one generally observes a reluctance on the part of sellers to raise prices. They employ various gimmicks to fool the customer into believing that the price is still "cheap." This reluctance to raise prices can be detected in pricing practices in America where commodities are priced at $9.99 or $9,999.99, a penny shy of $10 or $10,000. Such pricing may have the psychological effect of suggesting that the item costs $9 or $9,000 instead of the $10 or $10,000 a competitor may be charging.

The reluctance of African traders to raise prices or hide price increases shows up in two ways, depending upon the nature of the commodity. They may reduce the quantity but maintain the old price. For example, the same cigarette tin used to sell flour or garri will continue to be used, but a price increase is achieved by knocking the bottom in further and keeping the old price. Ghanaians have been lamenting about the "shrinking ball of kenkey" for decades. A ball of kenkey, a cooked ground maize, used to sell for one cedi in the late 1960s. Back then, it could feed an average person. By 1978, that ball, still costing a cedi, had so shrunk that the average person needed four!

On Ghanaian markets, this is the standard measuring container for salt, sugar, flour, or rice. In the picture it looks over-full but the next pictures clarify the situation.

The bottom of the measuring tin has been knocked in.

Miracle (1962) offered two explanations why prices tend to remain fixed while the size of the measure or heap is varied:

> One reason for this is that the quantity sold in African markets is, for many commodities, so large relative to the smallest monetary unit that price changes dictated by economic conditions, or bargaining, often can be achieved only through altering the quantity offered. . . . A second reason probably is that sellers can more easily conceal price changes if the adjustment is through quantity.

The other technique of effecting price increases is by varying the amount of bonus (variously called *basela* in Zambia, *matabish* in Congo, *ntosu* in Akan) which the seller adds at the end of a transaction. For example, a fish seller may throw in a couple of fish after a purchase as basela. The oil merchant may add a few half cupfuls after a purchase. Consumers expect this bonus and often demand it. The Ga of Ghana ask: *"Owoo min?"* while the Akan order the seller: *"Tosu!"* To keep his price low, the fish seller may throw in four fish. To raise his price, he may add only two at the end of the next transaction.

In sum, prices on indigenous markets generally fluctuated in accordance with the forces of demand and supply. When tomatoes were "in season," the price fell and vice versa. These price oscillations were understood by the peasants and chiefs. If the price of an item was too high, the traditional response was to bargain down the price. If it did not come down sufficiently, purchase was withheld and a substitute purchased. This was especially true of agricultural produce, for which there was a whole range of substitutes. For example, one could substitute cocoyam, cassava, or plantain for yam. Nobody was "forced" to buy yam who could not afford it. When the price of a commodity remained persistently high, the natives either produced it themselves, as often happened in the case of yams, or traveled to the source to obtain it more cheaply.

Tales of traders trekking long distances to buy goods more cheaply at the source are legion. Similarly, there were many substitutes for meat: beef, mutton, lamb, chicken, duck, wild game, and fish. Again, nobody was "forced" to buy that which they did not want.

African chiefs did little to interfere with the day-to-day operations of the village market. Nor did they impose price controls on the market. It was never the traditional role of chiefs to police how prices were set. Even wages were not fixed by any village authority (Hill 1987, 110). This is still true today. To all intents and purposes, the African village market was an *open* and *free* market, however "primitive." Cases of market intervention by chiefs were few. These generally occurred when there was a market breakdown or failure as in times of severe drought and famine.[19]

During such times, the chief or king might limit price increases and make available to the needy food stored in his own farm. These price "controls" however were limited to agricultural produce—essential for survival. In indigenous African society, it was considered unethical and anti-social to profit by charging exorbitant prices in times of food shortages. When conditions returned to normal, prices of agricultural produce were free to vary. Price controls or market intervention was not a regular feature of indigenous African society in normal times.

It may sound strange to the reader why such an obvious point is being belabored here. But many post-colonial African governments, in a bout of cultural perfidy, held facets of indigenous economic heritage in contempt. They imposed price controls on peasant farmers and traders, while arresting and charging violators with "economic sabotage." In fact, in some African countries such as Ghana, violators were threatened with death by firing squad!

E. Role of Women in the Distribution of Goods

Upon close study of Africa's rural economy, one cannot fail to be impressed by the participatory role of women. Today the majority of Africa's peasant farmers—about 80 percent—are women. Women also dominate rural markets and trade. In Yoruba, "local farm produce—either cash crops or food crops—are marketed at the local market, almost invariably by women" (Hodder 1962). This is not a recent phenomenon. Female participation in market activities has always been a tradition. It was the result of the traditional division of labor on the basis of sex.

The object in trading, as everywhere, is to make a profit. The Yoruba women "trade for profit, bargaining with both the producer and the consumer in order to obtain as large a margin of profit as possible" (Bascom 1984, 26). And in almost all West African countries, women kept the profits made from trading. "A Ga woman also makes money by her trading. A man has no control over his wife's money, but any extra money she can extract from him for herself can never be reclaimed" (Field 1940, 54). "In South Dahomey, commercial gains are a woman's own property and she spends her money free of all control. Trade gives to women a partial economic independence and if their business is profitable they might even be able to lend some money—a few thousand francs—to their husbands against their future crops" (Tardits and Tardits 1962, 110).

Traders frequently reinvest part of their gains to expand their trading activities and spend part to cover domestic and personal expenses, since spouses have to keep the house in good condition, replace old cooking utensils, buy their own clothes, and educate their children. Historically, another important use of trade profits was the financing of political activity. According to M. I. Herskovits and M. Harwitz (1964), "Support for the nationalist movements that were the instruments of political independence came in considerable measure from the donations of the market women" (p. 377).

In fact, it can be asserted that there is no black African leader, past or present, whose mother or grandmother did not engage in trade, the traditional role of women in Africa. Clearly, any event—whether government policy, a civil war, or a calamitous occurrence—that disrupts agriculture or diminishes the scale of market activity would have a disproportionately adverse effect on African women. That in turn would have ramifications throughout the family structure and the entire society.

F. The Role of Government in the Indigenous Economy

Indigenous African economies were based on agriculture, pastoralism, markets, and trade. Both the rulers and the natives appreciated the importance of these activities. Indigenous governments created the necessary conditions for their subjects to conduct their activities. Even with agriculture, the tribal government did not interfere or dictate what crops the peasants should raise. The role of the chief or kings in agriculture was

to ensure that access to land was not denied to anyone, even strangers.

In most cases across Africa, "there was no direct interference with production" (Wickins 1981, 230). The tenet of African law that maintained that any harmful action against another individual was a threat to the whole society was applicable to the realm of economics. A restriction on an individual's economic activity placed severe constraints on the economic welfare of the whole society. If the individual prospered, so too did his extended family and the community. An individual could prosper so long as his pursuit of prosperity did not harm or conflict with the interests of the community. The society's interests were paramount. Unless an individual's pursuit of prosperity conflicted with society's interests, the chief or king had no authority to interfere with it. This was a well-nigh universal African belief.

With this in mind, it would hardly make sense for the chiefs to prevent their own subjects from engaging in trade. Traders were free enterprisers, taking the risks upon themselves and reaping the benefits. As Kwame Y. Daaku (1971) observed:

> Those who so desired and ventured into distant places in pursuit of trade could rise to higher positions in the traditional setup. Along the coastal towns, successful traders began to display their affluence by surrounding themselves with a host of servants. Some were raised to the status of headmen or elders. They built themselves magnificent houses on which some of them even mounted a few cannon. The rise of these people was not only a coastal phenomenon. In practically all the forest states there came into prominence men like Kwame Anteban of Nyameso in Denkyira, whose wealth became proverbial. (p. 179)

Occasionally, the kings and chiefs had farms and other economic enterprises operated for them. For example, Asante kings had royal gold mines, and the chiefs in east and southern Africa had others take care of some of their goats and cattle. But these animals were mainly for consumption by royalty and guests—the leaders' farms and animals were not supposed to support the people as a whole. This point is crucial. The people performed these services out of the reverence they hold for their traditional chief. He is an embodiment of his people, their hopes and aspirations. Further, the chief has no property. Any gift to the chief becomes "stool property"—the property of the office. If the chief is removed, he cannot take such gifts or "stool property" with him. Nowhere in the history of Africa is there evidence of chiefs and kings operating tribal government farms to feed the people. The natives fed themselves, built their own huts, and provided for themselves.

Nor did the kings and chiefs operate tribal government enterprises. The craft industries were owned by individuals or families, not by the chief or the state. The ruler might choose to have an enterprise, but, again, it was mostly used for his own benefit, not that of the natives. It was the same with trade. As Daaku (1971) noted in the case of the Akan of the Gold Coast, "Apart from the occasional trading organized for and on behalf of the chiefs, trading, like all other vocations, was primarily an affair of individuals. Much of it was conducted by a man and his family, that is, his wives and children and/or with his sister's sons. It was never an affair of the state" (Daaku 1971, 174).

Only in very, very few instances was trade monopolized and controlled by the state. The exceptions include the kingdoms of Dahomey, Asante, and Mossi. The Dahomey kingdom was centrally planned, and Dahomeans were the most heavily taxed West Africans in the nineteenth century. Inevitably, the kingdom collapsed under the weight of its bureaucracy and maze of regulations. In fact, fewer than twenty out of thousands of commodities were reserved strictly for chiefs. According to Robert Bates (1983), the most frequently mentioned objects of chiefs' monopoly were ivory, kola, slaves, cattle, skins, and parts of game killed (p. 55). Everything else was a free commodity.

In conclusion, state intervention in the economy was the exception rather than the rule in pre-colonial Africa. As Bates (1983) observed, "In pre-colonial Africa, the states underpinned specialization and trade; they terminated feuds; they provided peace and stability and the conditions for private investment; they formed public works; and they generated wealth, if only in the form of plunder. In these ways, the states secured prosperity for their citizens" (p. 40).

One of the functions of the African chief is to create—together with his Council of Elders—a peaceful environment for trade to prosper. A king could be removed if he failed to bring prosperity to his people. He could also be overthrown for failure to govern according to customary law, the will of the people or for pursuance of policies inimical to the interests of the state after all counsel had been ignored. This was precisely the fate of King Gikuyu of the Gikuyu of Kenya:

> King Gikuyu was the grandchild of the elder daughter of the founder of the tribe. He ruled many moons and

> his method of governing was tyrannical. People were prevented from cultivating the land, as he commanded that all able bodied men should join his army and be ready to move with their families at any time and to wherever he chose. Thus the population lived a sort of nomadic life and suffered many hardships from lack of food. At last, they grew tired of wandering from place to place and finally decided to settle down. They approached the King and implored him to let them cultivate the land and establish permanent homes, but owing to his autocratic power he refused to hear or consider their plea. The people were very indignant with him for turning a deaf ear to their appeal, and in desperation they revolted against him. The generation which carried out the revolt was called *iregi.* . . . After King Gikuyu was dethroned, the government of the country was at once changed from a despotism to a democracy which was in keeping with the wishes of the majority of the people. This revolution is known as *itwika*, derived from the word twika, which means "to break away from" and signified breaking away from autocracy to democracy. This achievement was celebrated all over the country; feasting, dancing and singing went on with intervals for a period of six moons which preceded the new era of government by the people and for the people. (Kenyatta, 1938; p.180)

G. The Indigenous System: A Summary and Assessment

Foreign observers who came upon African natives' profit-sharing schemes hastily denigrated them as "primitive communism." Many African leaders also considered the same schemes as proof that the indigenous system was "socialist." Both groups were wrong. Most tribal societies had no state planning or direction of economic activity, nor were there state enterprises or widespread state ownership.

The means of production were privately owned. Huts, spears, and agricultural implements were all private property. The profit motive was present in most market transactions. Free enterprise and free trade were the rule in indigenous Africa. The natives went about their economic activities on their own initiative and free will. They did not line up at the entrance of the chief's hut to apply for permits before engaging in trade or production. What and how much they produced were their own decisions to make. The African woman who produced kenkey, garri, or semolina decided to produce those items herself. No one forced her to do so. Nor did anyone tell fishermen, artisans, craftsmen, or even hunters what to produce.

In modern parlance, those who go about their economic activities on their own free will are called "free enterprisers." By this definition, the kente weavers of Ghana; the Yoruba sculptors; the gold, silver, and blacksmiths; as well as the various indigenous craftsmen, traders, and farmers were free enterprisers. The natives have been so for centuries. The Masai, Somali, Fulani, and other pastoralists who herded cattle over long distances in search of water and pasture also were free enterprisers. So were the African traders who traveled great distances to buy and sell commodities—a risk-taking economic venture.

The extended family system offered them the security they needed to take the risks associated with entrepreneurial activity. Many development experts overlooked these positive economic aspects of the much-maligned extended family system. Although this system entailed some "sharing" (which was not forced or proportionate), it also provided the springboard for Africans to launch themselves into highly risky ventures. If they failed, the extended family system was available to support them. By the same token, if they were successful, they had some obligation to the system that supported them. The Fanti have this proverb: *"Obra nyi woara abo"* (Life is as you make it within the community).

Even in commerce, African states lacked state controls and ownership. In Gold Coast, for example, gold-mining was open to all subjects of the states of Adanse, Assin, Denkyira, and Mampong. Chiefs did benefit from mining. Some chiefs taxed mining operations at the rate of one-fifth of the annual output, and in some states all gold mined on certain days was ceded to the throne. But the mines were in general not owned and operated by the chiefs. Any villager could mine or pan for gold on any unoccupied land. Foreign entities needed mining concessions from the chiefs.

Much of the indigenous economic system still exists today, where African governments have not destroyed it through misguided policies and civil wars. Female traders still can be found at the markets. In fact, market activity in West Africa is still dominated by women. They still trade their wares for profit. And in virtually all African markets today, one still bargains over prices.

Indigenous Africa under Colonial Rule

When Africa was colonized, the colonialists sought to control indigenous economic activities to their advantage. Africa's colonial history is replete with successes and failures of these policies. For example, on the Gold

Coast (now Ghana), European mining companies sought legislative curtailment of indigenous mining operations without success. The two operated side by side throughout the colonial era.

Notably absent during that era were state or colonial government enterprises. A few large European firms and companies dominated the field, but no indigenous economic activity was reserved exclusively for the colonial government or European companies. Nor would the colonial administrations have been successful had they attempted such restrictive regulation, which would have entailed an extraordinary expenditure of resources. Africa then had not developed the communications and transportation networks needed for effective control of the natives and their economic activities and cost was one reason the British adopted the policy of "indirect rule"—administration through the chiefs.

For the most part, the natives were free to go about their economic activities. In West Africa, European settlement was confined to the urban enclaves and the rural areas were left almost intact. In central and southern Africa, the story was a little different. The plunder and barbarous atrocities against the natives in King Leopold's Congo need no belaboring. In southern Africa, where the climate was more congenial to European settlement, there were widespread land seizures, massive dislocation of the natives, and restrictions on their movements and places of residence. Apartheid South Africa's past laws and land seizures in Angola, Namibia, Mozambique, and Zimbabwe can be recalled. Nonetheless, despite the formidable odds, the natives could open shops and compete with the European firms. Many did and were successful. There were rich African shopkeepers as well as timber merchants, transport owners, and farmers during the colonial period. African natives have always welcomed foreigners and foreign firms, provided they were willing to play fair. And given the opportunities and access to capital, African natives showed themselves capable of competing with the foreigners.

H. The Golden Age of Peasant Prosperity

The period 1880–1950 may be characterized as the golden age of peasant prosperity in Africa. Though colonialism was invidious, one of its little-known and acknowledged "benefits" was the peace it brought Africa. The slave trade and competition over resources had fueled many of the tribal wars in pre-colonial Africa—just as competition over mineral resources, in particular diamonds, fueled wars in Angola, Congo, Liberia, and Sierra Leone in the twenty-first century. The slave trade generates intense emotional reaction among blacks. Unfortunately, however, there is much confusion and mythology about African participation in that abominable trade.

The abolition of the slave trade in the 1840s eliminated a cause bellum and made apparent the need to provide an alternative to the trade in human cargo. Toward this end, cash crops were introduced into Africa. About this time, the industrial revolution was gathering momentum in Europe. Factories needed raw materials and markets for manufactured products. Colonies could provide both: raw materials and markets. Tribal wars and rivalries virtually came to a halt, although they flared up occasionally. Their amelioration gave Africa a much-needed atmosphere of peace for productive economic activity. In addition, skeletal forms of infrastructure (roads, railways, bridges, schools, post offices, etc.,) were laid down during this period, which greatly facilitated the movement of goods and people. This infrastructural development really gave production and economic expansion a tremendous boost. The secret to economic prosperity in Africa is not hard to find. A mere three terms unveil this secret: peace, infrastructure, and economic freedom.

It is instructive to note that the economic system used by the natives of Africa to generate their economic prosperity in the 1880–1950 period was their own indigenous systems. Except for a few places in Africa, notably in the Portuguese colonies, plantation agriculture was unknown. Cash crops were grown by peasant farmers on their own individual plots, using traditional farming methods and practices. In other words, the natives prospered using their own existing indigenous system with only minor modifications and improvements. For example, the cultivation of cocoa was not mechanized; it was a highly labor-intensive undertaking.

Transportation of cocoa in the early twentieth century was by human portage, which gave rise to the pricing of cocoa by the "head load." The building of roads and the introduction of motor vehicles tremendously improved the transportation of cocoa and boosted exports. There were other improvements as well: insecticides, spraying machines, and so on. But the basic system of land tenure and the peasants' discretion over what crops to grow, etc., were unchanged. African peasants were generally not forced

to cultivate any cash crops. Forced labor in the French, Belgian, and Portuguese colonies was mainly for construction purposes.

The fundamental point is that African natives had the economic freedom to decide for themselves what crops they could cultivate—cash crops or food crops—and what to do with the proceeds. This economic freedom was a notable feature of their indigenous economic system. Indeed, Kendall and Louw (1986)—two white South Africans—noted: "The freedom that characterized tribal society in part explains why black South Africans responded so positively to the challenges of a free market that, by the 1870s, they were out-competing whites, especially as farmers" (p. 4).

Though this freedom was circumscribed under colonialism in central and southern Africa, the peasants prospered during the colonial era. Why, then, were they unable to continue prospering after independence? The answer is obvious: their economic freedom was somehow snatched from them. According to the Heritage Foundation and *The Wall Street Journal 2016 Index of Economic Freedom* only nine African countries could be classified as "Mostly Free" or "Moderately Free": Botswana, Cape Verde Islands, Ghana, Ivory Coast, Madagascar, Morocco, Namibia, Rwanda, and South Africa. No African country received a "Free" rating (www.heritage.org/index/ranking).

The move away from economic freedom came first in South Africa, where according to Kendall and Louw (1986):

> Black success had tragic consequences. White colonists feared black competition and this fear, combined with the whites' desire for cheap labor, resulted in a series of laws that systematically denied blacks access to the marketplace and stripped them of any meaningful form of land ownership. . . .(p. 4)
>
> The truth is that white farmers felt threatened by blacks. Not only were blacks better farmers, but they were also competing with white farmers for land. Moreover, they were self-sufficient and hence not available to work on white farms or in industry, particularly in the Transvaal gold mines where their labor was badly needed. As a result, a series of laws was passed that robbed blacks of almost all economic freedom. The purpose of these laws was to prevent blacks from competing with whites and to drive them into the work force. (p. 12)

In 1869, 1876, and 1884 the Cape Assembly passed a series of Location Acts (the first set of apartheid laws) that sought to protect white farmers from black competition and to force blacks to become wage laborers by working for white farmers. Then came the Native Land Act of 1913; the rest is history. Even during the apartheid era, South African officials grudgingly acknowledged the industriousness of black farmers. For example, in 1985, the Development Bank, a quasigovernment agency, began financing small agricultural credit programs, which involved dispensing a package of aid (seed, fertilizer, a few implements, and basic advice) to black subsistence farmers at a cost of $150 per farmer. According to the bank's general manager, Johan Kruger, these programs were "quite remarkably successful." The farmers significantly upgraded the production of about 25,000 of these small holdings and greatly improved their ability to feed their families.

"The perception that blacks can't farm and that people can't make a living on small pieces of land in South Africa is a fallacy," Kruger said. "Provided they have the necessary support services and infrastructure, black farmers have shown that they can farm as well as whites" (*Washington Post*, December 29, 1990; A14).

In the rest of Africa, the turn toward statism and the attendant restrictions on economic freedom came after independence. Support services and infrastructure were not provided by new elites. Traditional Africa was castigated by the elites as "backward and primitive." Peasant agriculture was neglected in favor of industry. Chiefs and Africa's traditional rulers were stripped of their power and authority. Foreign ideologies were imposed on the natives, and their economic freedom was wrenched from them by "Swiss-bank socialists," while their economic prosperity was taxed and squandered by vampire elites through a series of edicts, state controls, and decrees.

After independence, many African governments not only nationalized European companies, ostensibly to prevent "foreign exploitation," but also debarred the natives from many economic fields. For example, after Ghana gained independence, mining operations were monopolized by the state, and indigenous gold mining was declared illegal. In fact, "Anyone caught indulging in illegal gold prospecting, popularly known as *'galamsey'* (gather them and sell), will be shot, a PNDC representative announced to a workers' rally in the Western Region" (*West Africa*, March 1, 1982; 618).

In many other African countries, the natives were squeezed out of industry, trade, and commerce, and the state emerged as the domineering, if not the only, player. Indigenous operators were not tolerated. Indeed, there was a time when the director of the Club du Sahel, Anne de Lattre, would begin her meetings

with the frightening remark, "Well, there is one thing we all agree on: that private traders should be shot" (*West Africa*, January 26, 1987; 154). Under Sékou Touré of Guinea's nonsensical program of "Marxism in African Clothes," unauthorized trading became a crime. The prices the natives received for their produce were dictated by governments, not determined by market forces in accordance with African traditions.

Resources extracted from the natives were spent to develop the urban areas for the elites. Supermarkets were built for the elites and the indigenous markets of the natives were neglected, becoming more crowded and filthy. Recall how important the indigenous markets were in traditional Africa. But postcolonial African governments seldom cleaned, let alone built, markets for the natives. Finally, after thirty years,

> Workers at Kenya's main market killed 6,000 rats, trucked away 750 tons of garbage and sucked seventy tons of human waste out of latrines in three days of the first major cleanup of the market in thirty years, a government minister said. The Wakulima Market, which supplies fresh food to most of Nairobi's three million residents, was a public health hazard, with rubbish piling up seven feet deep in some places, said Local Government Minister Musikari Kombo, who ordered the closing of the market for cleaning last week. "We were lucky to be spared a major outbreak of disease," he said. City workers used more than 42,000 gallons of water in the cleanup operation. (*The New York Times*, January 5, 2005; A6)

Botswana was the only black African country in the postcolonial period that did not persecute its natives but rather went back and built upon their indigenous roots. It paid off handsomely. In elegant brevity, *Newsweek* (July 23, 1990) put the issue poignantly: "Botswana built a working democracy on an aboriginal tradition of local gatherings called kgotlas that resemble New England town meetings; it has a record $2.7 billion in foreign exchange reserves (p. 28).

I. Botswana: The Shining Black Economic Star

Ensconced in the Kgalagadi (Kalahari) basin, Botswana possessed all the ingredients for another postcolonial black African economic disaster. Doomsayers gave the country less than five years to self-destruct and evaporate.

When it gained its independence from Britain in September 1966, Botswana (formerly Bechuanaland) was one of the twenty poorest countries in the world with per capita income of only $40. Mines and commercial and farming enterprises were mostly owned by South Africa. There were only five kilometers of tarred road. Its society was composed of nine ethnic groups.

In addition, about 75 percent of the country's 592,000 sq. km. was desert, bordered by largely infertile areas. The bulk of its largely illiterate population (about 80 percent) lived on only 20 percent of the land area. There was a late-blooming diamond industry and a poor cattle industry, but the country lacked the technical know-how to develop other natural resources. Constantly threatened by drought (which in 1985 caused a serious loss of 1,500 jobs), and dependent on neighboring countries (which held it hostage to extraterritorial occurrences), Botswana additionally had to deal with foreign wars and the subsequent refugees.

After the ignominious 1976 Sharpeville massacre, thousands of students fled South Africa to seek refuge in Botswana. Soon afterward, a new wave of refugees from Rhodesia swelled the numbers encamped in Botswana from 3,000 to 21,000 by mid-1979, placing severe strains on budgetary resources and social facilities. Furthermore, Botswana was violently attacked throughout the eighties by both Zimbabwe and South Africa, who accused it of harboring guerillas among the refugees.

At independence, Botswana's prospects of surviving as a viable politico-economic entity were just about equal to those of Mali or Burkina Faso (former Upper Volta). Cameroon, Nigeria, and Zaire were far more blessed with richer mineral wealth endowment, luxuriant vegetation, modestly developed infrastructure, and an economically active population. Even Ghana was in a better "take-off" position. Yet, in spite of all its handicaps, Botswana has managed to register an impressive rate of economic advance, astonishing by any standard.

In a little less than two decades (1966 to 1986), Botswana's rate of economic growth averaged an astounding 8 percent per annum while the South African economy was limping along at a miserable 1.5 percent per annum between 1965 and 1985. In 1988, for example, Botswana's minister of finance and development planning, Vice-President Peter Mmusi, indicated that average real growth rate was running at 14 percent annually and that per capita GDP was 2,800 *pulas* ($1,450)—ten times greater than in 1978 (*African Business*, September 1988; 35).

Back in 1983, real GPD growth rate was a dizzying 26.3 percent and GDP per capita exploded from 755 pulas in 1982 to 2145 pulas in 1986. By 1991, GDP per capita had reached 5,950 pulas ($2,439). Its GNP

per capita of $2,530 in 1991 was the third highest in Africa, after oil-rich, sparsely populated Gabon ($3,780) and South Africa ($2,560) (*African Business*, September 1993; 14). Botswana's foreign debt was $543 million in 1992 and its reserves stood at $3.4 billion, which, on a per capita basis, were the highest in the world. Its debt service ratio in 1992 was an insignificant 3.4 percent, compared with the 53 percent of most African countries.

The first diamond mine to open was Orapa in 1971. By 1988, diamond production had reached 15.2 million carats, earning about 85 percent of Botswana's export earnings of 2205 million pulas ($1,095 million). The beef industry, too, underwent phenomenal expansion, despite the denigration of African cattle and the devastating droughts of 1965–66 and 1982–84 that killed off a third of the national herd. Botswana began to export meat to the European Economic Community (EEC), which pays almost four times the world price for this meat because of its quality. The Bostwana Meat Commission's meat processing plant at Lobatse is the second largest in the world. There are other slaughterhouses in Maun and Francistown to help Botswana meet its 19,000 metric ton EEC quota.

Botswana's economic performance has not been matched anywhere on the African continent in the postcolonial period. It used its own African economic model, which was not copied from Asia, Russia, or Jupiter. (Rwanda has done well, too, but its economic miracle is not sustainable. This topic is discussed at length in Appendix 3.) According to the Heritage Foundation and *The Wall Street Journal's 2016 Index on Economic Freedom*, "Botswana's economy has been diversifying, largely because of foreign investment attracted by low taxes, political stability, and an educated workforce. The country continues to set an example in the management of large endowments of natural resources. The level of corruption is the lowest in Africa. An independent judiciary enforces contracts effectively and protects property rights" (www.heritage.org/index/country/botswana).

Apart from Botswana, exceptions to the general economic atrophy have been pitifully few. Recall the difficulty the World Bank and Western governments have had in finding "economic success stories" in Africa as durable as Botswana's. Across black Africa, Botswana remains a shining star. Obviously, if Botswana can succeed economically, the rest of the African countries can, too. But how? And what were the secrets to Botswana's success?

J. The Keys to Botswana's Success

Although various analysts have attributed Botswana's success to its mineral wealth in diamonds, a combination of factors have contributed immensely to creating the environment vital for economic prosperity. Foremost has been the absence of civil and political strife. Botswana society is multiracial, composed of ethnic Batswana, Europeans, and Asians. These various groups live peacefully together. Blatant acts of discrimination or ethnic chauvinism are not common in Botswana. By contrast, violent ethnic clashes, senseless and endless civil wars, and civil strife rage in at least fifteen other African countries (Angola, Burundi, Chad, Congo, Eritrea, Ethiopia, Ivory Coast, Liberia, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda, and Zimbabwe).

Second, Botswana enjoys political stability. This stability was not engineered by a military dictator or by declaring the country to be a one-party state. Botswana is a parliamentary democracy based upon a multiparty system. The main political parties are the ruling Botswana Democratic Party, the Botswana National Front, and the Botswana People's Party. Multiparty democracy, contrary to the claims by Presidents Moi of Kenya, Kaunda of Zambia, and other African dictators, did not degenerate into "tribal politics" in Botswana.

Third, the Botswana government has pursued strikingly prudent economic policies, allowing pragmatism, rather than emotional rhetoric, to prevail. The Botswana government's commitment to mixed economy has not been directed toward nationalization—no such takeovers have occurred—but rather toward the provision of good infrastructural support. Revenues from minerals, customs union payments, and donor funds were devoted largely to investment in infrastructure and to providing greater public access to basic needs: water, health care, and primary education. In Botswana, parastatals were only established to plug the gaps or overcome the deficiencies in the private sector, rather than to compete with or seek to replace the private sector, as was the case in many African countries, especially Tanzania, which took a "socialist" bent.

Fortunate enough to have an ex-minister of finance as president (Masire), the government pursued judicious macroeconomic policies of saving windfalls and avoiding excessive government spending during export boom years. These savings provided the cushion to ride out the lean years.

By contrast, when sharply rising oil prices boosted exports from $4 billion in 1975 to $26 billion in 1980, Nigeria went on an import binge. It splurged on prestigious projects, including a $25 billion new capital at Abuja, while vampire politicians transferred as much as $15 million a day illegally out of the country. Nigeria even neglected agriculture, preferring to import food using cheap oil dollars. Rising public expenditures fueled by oil revenues shifted production from agriculture to services. When the price of oil collapsed, so did Nigeria's export receipts. By 1986, they were down to $6 billion, while external debt rose from $5 billion in 1980 to $25 billion in 1986. The booms in coffee, cocoa, and copper prices in the 1970s elicited similar extravagant spending by governments in Ghana, Ivory Coast, Kenya, Uganda, and Zaire. Other Third World countries such Mexico, Brazil, and Colombia, acted similarly, squandering windfall profits from export booms only to find themselves in a debt crisis when markets collapsed.

Fourth, largely due to Botswana's openness and a vibrant press, there is a refreshing absence of corruption—the bane of many African regimes. Botswana has a lively free press and freedom of expression. Apart from the government newspaper, *The Daily News*, and the government monthly magazine, *Kutlwano*, the country has three weekly private newspapers and four locally produced monthly magazines. The local publications are not subject to censorship. In addition, foreign papers and magazines are widely available.

Commenting on the political process in Botswana, Professor Patrick Mulotsi, a lecturer in sociology at the University of Botswana, was quite pithy: "If you look at the prerequisites of liberal democracy, the rule of law has been highly respected. A lot of people can say a lot of things with relatively little fear. There has been a lot of response by the ruling party to debates with the opposition" (*The New York Times*, May 16, 1990; A6).

Botswana can find solutions to its economic problems because it permits free debate and freedom of expression. By contrast, the rest of black Africa is mired in an economic quagmire, for want of ideas and solutions to extricate itself. Intellectual repression prevents those with ideas from coming forward. Besides Botswana, only seven other African countries (Benin, Cape Verde Islands, Ghana, Mali, Mauritius, Sao Tome and Principe, and South Africa) of the fifty-four tolerate freedom of expression and criticism of foolish government policies. And many of these same countries have ratified the Organization of African Unity's Charter of Human and Peoples' Rights, Article 9 of which guarantees freedom of expression.

Fifth, Botswana did not ignore its indigenous roots. It built upon its native system of kgotlas, whereby chiefs and councilors meet "under a tree" to reach a consensus on important matters. In fact, cabinet ministers are required to attend weekly kgotla meetings. As Fred Dira, an African journalist, explained:

> When they were initiated, kgotla meetings were meant to be totally apolitical. They were to be meetings at which government ministers and members of Parliament would brief local communities about official policies and programs, or about issues discussed or to be discussed in Parliament. It was also part of the tradition of kgotla meetings that if they were convened by the president or any of his ministers, the respective members of Parliament would not only be present, but would also be given some role to play at the meeting. This was in recognition of the fact that at such meetings, MPs shared the role of host with the chiefs (*Mmegi/The Reporter*, May 12–18, 1995; 7).

Such was the case in 1991, when the government tried to explain a $25 million Okavango River irrigation project to the villagers at a kgotla in the northern town of Maun. Irate villagers let loose their opposition: "'You will dry the delta! We will have no more fish to eat! No more reeds to build our houses!' a village elder screamed" (*Washington Post*, March 21, 1991; A3). For six hours, they excoriated government officials for conceiving of such a dastardly project. Buckling under the wrath of the people, the government canceled the project. Only in Botswana could this happen, giving true meaning to such terms as "participatory development," "bottom-up development approach," "grassroots development," and "popular participation in development."

Furthermore, in Botswana, "Chiefs still exercise considerable local authority and influence which can act as a check on too precipitate action by the government and can even swing local elections" (Colclough and McCarthy 1980, 38). Asked why Botswana has had better leaders than the rest of Africa, Zibani Maundeni of the University of Botswana replied that indigenous Tswana culture has helped: "Before any big decision [Tswana leaders] consulted the general population. There was a strong culture of hearing the views of ordinary people" (*The Economist*, November 6, 2004; 50). In the rest of black Africa, chiefs saw their powers and authority reduced: the indige-

nous system of participatory democracy and the tradition of reaching a consensus were spurned, and, in their place, African elites and intellectuals erected one-man dictatorships and de facto apartheid regimes.

Of course, Botswana has had problems with income distribution and AIDS. But its economic success demonstrates that Africa does not have to renounce its indigenous culture to advance economically. The Japanese did not. "Japan's postwar success has demonstrated that modernization does not mean Westernization. Japan has modernized spectacularly, yet remains utterly different from the West. Economic success in Japan has nothing to do with individualism. It is the fruit of sheer discipline—the ability to work in groups and to conform" (editorial in the *Bangkok Post* quoted in *The Washington Times,* November 9, 1996; A8).

REVIEW QUESTIONS

1. How are prices determined in traditional African markets? (20 points)

2. Why is market activity in traditional Africa dominated by women? (20 points)

3. How do African peasants raise money to start a business? (20 points)

4. Explain the difference between the Western capitalist and the traditional African system. (20 points)

5. a. What is meant by "communal ownership"? (10 points)

b. Is land communally owned? If not, what problems does mischaracterization create? (10 points)

6. a. What economic activities were controlled by the tribal or traditional government? (10 points)

b. What would happen if a chief forbade someone from, say, fishing? (10 points)

7. a. Why are the vast majority of African peasant farmers women? (10 points)

b. Why do women dominate market activity? (10 points)

8. Explain what would happen if a chief attempted to fix prices in traditional African markets. (20 points)

9. What accounted for the stupendous success of the African peasants in generating prosperity for themselves in the period 1880 to 1950?

10. What are the secrets of Botswana's success? (20 points)

Chapter Five

THE AFRICAN DEVELOPMENT CONUNDRUM

"In this country, much noise is being made about the exploitation of the people . . .
But as far as I am concerned, it is the STATE, as the Chief Vanguard, and her so-called Public Servants,
Civil Servants which actually exploit others in the country . . ."

—A Ghanaian peasant, Amoafo Yaw (*Daily Graphic*, Accra, February 17, 1982; 3)

Why Africa Failed to Develop

Despite its immense mineral wealth, Africa failed to develop in the postcolonial period, which, for this book, is defined as 1960 to 2017. The development that took place occurred in small countries such as Botswana, Ghana, Mauritius, Rwanda, and Uganda. Even then, the number of success stories keeps changing.

Several countries—such as Central African Republic (CAR), DR Congo, Liberia, Libya, Somalia, and South Sudan—are generally regarded as failed states. Among other characteristics, such states exhibit total government dysfunction, complete breakdown of security, law, and order. Basic social services cannot be guaranteed in a failed state. In other words, the people must fend for themselves—provide for themselves clean water, sanitation, electricity, and so on. Failed states often resulted from prolonged civil wars and would take hundreds of billions of dollars to stitch them back together again.

The Causes of Africa's Crisis

Except for a few countries mentioned in the introduction, the vast majority of African countries are wracked by crisis upon crises: foreign debt crisis, agricultural crisis, food crisis, population crisis, refugee crisis, electricity crisis, and so on. On the causes of these crises, there have been two schools of thought: the externalists and the internalists.

The Externalists: The externalists believe that Africa's woes have been caused by external factors. Disciples of the externalist school include most African leaders, scholars, and intellectual radicals. For decades the externalist position held sway, attributing the causes of almost every African problem to such external factors as Western colonialism and imperialism, the pernicious effects of the slave trade, racist conspiracy plots, exploitation by avaricious multinational corporations, an unjust international economic system, inadequate flows of foreign aid, and deteriorating terms of trade.

In his book, *The Africans*, the late African scholar and historian Professor Ali Mazrui examined the African crisis, claiming that almost everything that went wrong in Africa was the fault of Western colonialism and imperialism. "The West harmed Africa's indigenous technological development in a number of ways" (p. 164). He attributed Africa's collapsing infrastructure (roads, railways, and utilities) to the "shallowness of Western institutions," "the lopsided nature of colonial acculturation," and "the moral contradictions of Western political tutelage" (p. 202). In fact, he wrote, "the political decay is partly a consequence of colonial institutions without cultural roots in Africa" (p. 199). Therefore, self-congratulatory Western assertions of contributing to Africa's modernization are shallow: "The West has contributed far less to Africa than Africa has contributed to the industrial civilization of the West" (p. 164). Decay in law enforcement and mismanagement of funds were all the fault of Western colonialism too.

"The pervasive atmosphere in much of the land is one of rust and dust, stagnation and decay, especially within those institutions which were originally bequeathed by the West" (p. 210). They signal "the slow death of an alien civilization" (p. 204) and Africa's rebellion "against Westernization masquerading as modernity" (p. 11). Western institutions are doomed "to grind to a standstill in Africa" or decay. "Where Islam is already established, the decay of West-

ern Civilization is good for Islam since it helps to neutralize a major threat" (p. 19).

Many African leaders also subscribed to and espoused similar views—that the causes of Africa's crises were externally generated. In fact, since independence in the sixties, almost every African malaise was ascribed to the operation or conspiracy of extrinsic agents. The leadership was above reproach and could never be faulted. President Mobutu even blamed corruption on European colonialism. Asked who introduced corruption into Zaire, he retorted: "European businessmen were the ones who said, 'I sell you this thing for $1,000, but $200 will be for your (Swiss bank) account'" (*New African*, July 1988; 25).

In his address to the third Congress of the Democratic Union of Malian People, President Moussa Traore observed that

> The world economy is passing through a period characterized by monetary disorder and slow trade exchanges. The worsening crisis is affecting all countries, particularly developing countries.
>
> Due to the difficult situation, which is compounded by the serious drought, socio-economic life has been affected by serious imbalances that have jeopardized our country's development growth. Debt servicing, characterized mainly by state-to-state debts, are a heavy burden on the state budget. The drop in the price of cotton, which accounts for much of the country's foreign earnings, has led to a great reduction in export earnings. (*West Africa*, May 16, 1988; 876)

"President Daniel arap Moi accused the IMF and other development partners of denying Kenya development funds, thus triggering mass poverty" (*The Washington Times*, June 3, 1999; A12). According to the chairman of Ghana's ruling NDC, Issifu Ali, whatever economic crisis the nation is going through has been caused by external factors. "He said the NDC has since 1982 adopted pragmatic policies for the progress of Ghana, adding that the macro-economic environment of 1999 has been undermined by global economic developments" (*The Independent*, November 18, 1999; 3). According to *Zimbabwe Independent* (April 27, 1999), "Mugabe rejects the criticism of those who blame the government for the economic crisis. It is, he says, the fault of greedy Western powers, the IMF, the Asian financial crisis and the drought" (p. 25). He also blamed British colonialists, racists, and "snakes" (whites) for ruining his country's economy.

Of course, African leaders blamed everybody else except themselves. The New Economic Partnership for African Development (NEPAD) claimed that Africa's impoverishment has been accentuated by colonialism and other historical legacies, such as the Cold War and the unjust international economic system. Colonialism subverted the "traditional structures, institutions, and values," creating an economy "subservient to the economic and political needs of the imperial powers" (NEPAD, 2001; para 21). Colonialism, according to NEPAD, retarded the development of an entrepreneurial and middle class with managerial capability. At independence, Africa inherited a "weak capitalist class," which explained the "weak accumulation process, weak states, and dysfunctional economies" (NEPAD, 2001; para 22). More recent reasons for Africa's dire condition included "its continued marginalization from globalization process" (NEPAD, 2001; para 2). NEPAD sought $64 billion in investments from the West. But even Africa's children no longer buy NEPAD's list of excuses.

As mentioned in Chapter 1, Chernoh Bah, president of the Children's Forum, boldly asserted that Africa's socio-economic problems are not primarily caused by external forces, but are the result of incompetent and corrupt political leaders who usurped political office via the gun. "Some blame colonialism for Africa's plight while others blame the continent's harsh climatic conditions. I think the reason is the kind of political systems we have had over the past decades," he said. (*Standard Times* [Freetown], April 2, 2003; web posted).

At the United Nations Children's Summit held in May 2002 in New York, youngsters from Africa ripped into their leaders for failing to improve their education and health. "You get loans that will be paid in twenty to thirty years and we have nothing to pay them with, because when you get the money, you embezzle it, you eat it," said twelve-year-old Joseph Tamale from Uganda (*BBC News*, May 10, 2002).

Over the decades, the externalist orthodoxy progressively lost its credence. It became apparent that the excuse of colonialism had been overused by African leaders to conceal their own failures and incompetence. The first blow came with the collapse of the former Soviet Union in 1989, from where many African leaders borrowed their ideas and style of governance. After the demise of the former Soviet Union, African "emperors" suddenly found themselves without any clothes. The African people were no longer willing to put up with tired and arcane excuses. In many countries, they rose up in rebellion, demanding change. In 1990–1994, what was generally referred to as "winds of change" swept through Africa, toppling longstanding autocrats,

culminating in the dismantling of apartheid in South Africa and its first democratic elections in March 1994.

With a new openness, occasioned by a freer media and freer flow of information, there were revelations that many of the African leaders who railed against colonial exploitation had themselves amassed huge personal fortunes in Swiss bank accounts. This irony or hypocrisy led to the rapid growth of the internalists.

The Internalists: Internalists are the new and angry generation of Africans who are fed up with African leaders who refuse to take responsibility for their own failures and instead use colonialism and other external factors to divert attention from their bad decisions. Internalists believe that, while external factors have played a role, the internal factors are far more significant in causing Africa's crisis. This school of thought maintains that while it is true that colonialism and Western imperialism did not leave Africa in good shape, Africa's condition has been made immeasurably worse by *internal* factors: misguided leadership, misgovernance, systemic corruption, capital flight, economic mismanagement, declining investment, collapsed infrastructure, decayed institutions, senseless civil wars, political tyranny, flagrant violations of human rights, and military vandalism. In fact, one can identify a whole lot more, but these will suffice.

At the OAU Summit in Lome on July 10, 2000, "United Nations Secretary-General Kofi Annan told African leaders that they are to blame for most of the continent's problems" (*Daily Graphic*, July 12, 2000; 5). Ordinary people are speaking out too. Said Akobeng Eric, a Ghanaian, in a letter to the *Free Press* (March 29–April 11, 1996): "A big obstacle to economic growth in Africa is the tendency to put all blame, failures, and shortcomings on outside forces. Progress might have been achieved if we had always tried first to remove the mote in our own eyes" (p. 2).

Angry at deteriorating economic conditions in Ghana, thousands of Ghanaians marched through the streets of the capital city, Accra, to denounce the ruling regime of President Rawlings. "If Jerry Rawlings says the current economic crisis is due to external forces and therefore beyond his control, then he should step aside and allow a competent person who can manage the crisis to take over," Atta Frimpong demanded (*The Ghanaian Chronicle*, November 29, 1999; 1). Appiah Dankwah, another protestor blamed the NDC government for mismanaging the resources of the nation.

In Zimbabwe, the people did not buy President Mugabe's claim that "Britain, greedy Western powers, the IMF, the Asian financial crisis, and the drought" were responsible for the country's economic mess. They rejected his request for constitutional revisions to give him more draconian powers in a February 15, 2000, referendum, handing him his first political defeat in twenty years of virtually unchallenged rule.

Before crossing a road, the average intelligent person looks BOTH ways or risks being hit by a truck. Africa is in bandages because many of its leaders looked only one way—at the external causes.

Independence and Aftermath

After winning independence for their respective countries, African nationalist leaders were hailed as liberation heroes, swept into office with large parliamentary majorities and deified. Kwame Nkrumah of Ghana, for example, rejected democracy as an "imperialist dogma" while others dismissed it as "luxury Africa could not afford." Capitalism was rejected as a Western colonial ideology in one monumental syllogistic error. Colonialism was evil and since the colonialists were capitalists, it too was evil. Socialism, the antithesis of capitalism, was adopted. They failed to distinguish between African forms and Western forms of democracy and capitalism.

Every effort was made to eradicate the vestiges of colonialism and protect the new nations against foreign exploitation. Even names of cities and towns were changed. As we saw in Chapter 3, a plethora of state controls was instituted to ensure state participation in the economy as well as control of the commanding heights of the economy by an all-powerful leader, ostensibly to eradicate poverty and fight the colonialist enemy. The results, however, were defective political and economic systems which concentrated power in the hands of the state and ultimately one individual. Such political systems were characterized by "one-man rule" (sultanism or one-party states), while economic systems of "statism," or dirigisme, brought economic activity under the heavy hand of the state.

No effort was made to build on Africa's own indigenous institutions; only Botswana did this. The indigenous systems were castigated as backward and primitive that could not be relied upon to achieve the rapid transformation the leaders desired. Foreign systems and paraphernalia were blindly aped and transplanted into Africa. As such, no *organic* development took place but rather "development by imitation." American farmers use tractors; so too must Africa. London has double-decker buses; so too must Lagos. Rome has

a basilica; so too must Yamoussoukro (Ivory Coast). France once had an emperor; so Bokassa of the Central African Republic spent $25 million to crown himself "emperor." The United States has a space program; so Nigeria spent $39 million to develop one for weather forecast. The continent is littered with the putrid carcasses of failed foreign systems.

Romanesque Basilica in Ivory Coast

To initiate development, it was widely held that the African states needed wide-ranging powers to marshal the resources from the rural area and channel them into national development. Extensive powers were conferred upon African heads of state by rubber-stamp parliaments. Other heads of state simply arrogated unto themselves these powers. If a piece of land was needed for highway construction, it was simply appropriated by the state, and if an enterprise was needed, it was established by the government without any consultation with the people it was intended to benefit.

In this way, nearly *all* African governments, regardless of their ideological predilections, came to assume immense powers. Most of these powers were ultimately vested in the hands of the head of state. As President Felix Houphouet-Boigny of Ivory Coast put it succinctly: "Here in Ivory Coast, there is no Number 1, 2, or 3. I am Number 1 and I don't share my decisions" (*West Africa*, August 8, 1988; 1428). Next door in Ghana, *The Ghanaian Chronicle* wrote in an editorial on November 1, 2000,

> For 20 years, Rawlings has been the government of Ghana. It is only Rawlings who has to take decision for almost anything. Most Officers are unwilling or tardy in taking decisions which may not please Rawlings. He is the kingpin of every action. Many times, this singular central-piece performance is relegated to close confidants or Madam.

The drift toward state interventionism and development planning, however, was accentuated by the socialist ideology. After independence, many African elites and intellectuals argued for an ideology to guide the government on the road to development. The choice almost everywhere was socialism. The dalliance and fascination with socialism emerged during the struggle for political independence and freedom from colonial rule in the 1950s. Many African nationalists harbored a deep distrust and distaste for capitalism because of its perceived association with colonialism. In fact, capitalism and colonialism were adjudged to be identical and since the latter was evil and exploitative so too must be the former. Socialism, the antithesis of capitalism, was advocated as the only road to Africa's prosperity.

In the 1950s and 1960s, socialism and development planning was very much in vogue across the Third World. The case for planning rested on four economic arguments. The **first argument** was the familiar imperfect "market failure" argument. Markets in developing countries are characterized by imperfections in structure and operation. Commodity and factor markets are often poorly organized and the existence of "distorted prices" often means that producers and consumers are not responding to economic signals and incentives which truly reflect "real" costs to society. This failure of the market to price factors of production correctly often leads to a divergence between social and private valuations of alternative investment projects and ultimately to misallocation of present and future resources.

Externalities formed the basis of the **second argument**. Financial and skilled manpower resources are limited in the Third World and must therefore be utilized where their effects would be most widely felt; that is, with the greatest linkages or external economies. Private investors may be unable or unwilling to undertake investment large enough to exploit these externalities. Further, competitive markets may not only generate less investment but may also direct this investment into socially unproductive, speculative ventures (hoarding and overconsumption of goods for the rich) and ignore the extra benefits that would accrue from a planned and coordinated long-term investment program.

The **third argument** was national cohesion. A developing country is often composed of a fractiously diverse and fragmented population. The adoption of a development plan may help rally the people behind

the government in a national campaign to eradicate poverty, ignorance, and disease. By mobilizing popular support across class, caste, and racial, religious, and ethnic divisions, a government may be able to "unite" the people in a collective effort to build the nation.

Foreign aid provided the **fourth argument**. The formulation of detailed development plans with specific sectoral output targets and carefully designed investment projects was often a necessary condition for the receipt of bilateral and multilateral foreign aid. The existence of such a plan "convinced" foreign donors of the commitment and seriousness of the recipient government's intentions about development. Indeed, it was deemed an unpardonable travesty for an LDC (Lesser-Developed Country) government not to possess a development plan.

In Africa, these arguments were reinforced by the continent's especial circumstances and historical experience. Markets were simply assumed to be non-existent or severely underdeveloped. Even where they existed, they were rejected as an allocative mechanism since Africa's peasants were assumed to be unresponsive to market or price incentives. Bound by the chains of tradition, it was believed these peasants produced only the bare minimum to feed themselves (subsistence agriculture).

Perhaps the most compelling need for development planning, in the eyes of African leaders, was Africa's colonial legacy. Colonial objectives were not to develop Africa but to undertake only such forms of development as were compatible with the interests of European metropolitan powers. Since they were mostly industrialized, the colonies were envisaged to function as non-industrial appendages to the metropolitan economy: consumers of European manufactured goods and providers of minerals, agricultural, and sylvan commodities. As a result, the development of the colonial economies was perniciously "skewed": over-specialized in one or two main cash crops (mono-export culture), making African economies highly vulnerable to oscillations in commodity prices on the world market.

Specialization in cash-crops, it was argued, also destroyed Africa's ability to feed its people and supply their other needs internally. Most domestic industries collapsed from competition: from cheaper, and probably better, imported manufactures. Because of collusion among foreign firms and discrimination from colonial banks, the modern sector was completely in foreign hands. Thus, most of the surplus profit generated by the economy flowed overseas and was not invested in the colony. Local industrialization was flatly discouraged.

The prime motivating force behind colonialism was exploitation, not social development. Infrastructural facilities provided by the colonialists were pitiful. Only a few roads, schools, and hospitals were built. As Nkrumah (1973) scolded:

> Under colonial rule, foreign monopoly interest had tied up our whole economy to suit themselves. We had not a single industry. Our economy depended on one cash crop, cocoa. Although our output of cocoa is the largest in the world, there was not a single cocoa processing factory. There was no direct rail link between Accra and Takoradi. There were few hospitals, schools, and clinics. Most of the villages lacked a piped water supply. In fact the nakedness of the land when my government began in 1951 has to have been experienced to be believed." (p. 395)

Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, and other African leaders vowed to demolish that miserably distorted colonial economic structure Africa had inherited and erect in its place alternatives that would serve the needs and interests of Africa, not those of Europe. To accomplish this, Africa could not rely on markets, which in any case were introduced by the colonialists and as such constituted decaying relics of the old colonial order. Nor could Africa rely on its peasants for an agricultural revolution because, according to Nkrumah, these peasants were "too slow to adapt or change their practices to modern, mechanized scientific methods" (Uphoff 1970; 602).

True African development, according to these leaders, required a carefully planned and massive transformation of African economies. Such an investment could only be undertaken by the state. Furthermore, transformation of African societies required state control of the economy, setting the stage for massive state interventionism in the 1950s and 1960s in Africa. In Francophone Africa, industries were nationalized, tariff barriers erected, and the state assumed near-total control of the national economy (*Africa Analysis,* October 2000). Rather interestingly, the World Bank, USAID, the US State Department, and even development experts from Harvard University supported these arguments and channeled much aid resources to African governments (Bandow 1986).

Socialist Transformation

Although there was a general disposition among African leaders to erase the "exploitative, capitalistic tendencies of colonial structures," there were sharp individual differences between them on the need for the ideology. Kwame Nkrumah of Ghana, generally regarded as the "father of African socialism," was convinced that "only the socialist form of society can assure Ghana of a rapid rate of economic progress without destroying that social justice, that freedom and equality, which are a central feature of our traditional way of life" (*Seven-Year Development Plan*. Accra: Government of Ghana, 1963; 1).

Nyerere of Tanzania, on the other hand, misread the communalism of African traditional life as readiness for socialism, which he was first exposed to during his schooling in Scotland. He castigated capitalism or the money economy, which in his view, "encourages individual acquisitiveness and economic competition" as if there were something wrong with economic competition. The money economy was, in his purview, foreign to Africa and it "can be catastrophic as regards the African family social unit." As an alternative to "the relentless pursuit of individual advancement," Nyerere insisted that Tanzania be transformed into a nation of small scale communalists (Ujamaa) (Nyerere 1962).

Accordingly in 1973, Tanzania undertook massive resettlement programs under "Operation Dodoma," "Operation Sogeza," "Operation Kigoma," and many others. Peasants were loaded into trucks, often forcibly, and moved to new locations. Many lost their lives in the process and to prevent a return to their old habitats, abandoned buildings were destroyed by bulldozers. By 1976, some 13 million peasants had been forced into 8,000 co-operative villages and by the end of the 1970s, about 91 percent of the entire rural population had been moved into government villages (Zinsmeister 1987). All crops were to be bought and distributed by the government. It was illegal for the peasants to sell their own produce.

In the rest of Africa, planned socialist transformation of Africa meant the institution of a plethora of legislative instruments and controls. All unoccupied land was appropriated by the government. Roadblocks and passbook systems were employed to control the movement of Africans. Marketing Boards and export regulations were tightened to fleece the cash crop producers. Price controls were imposed on peasant farmers and traders to render food cheap for the urban elites. Under Ahmed Sékou Touré of Guinea's program of "Marxism in African Clothes,"

> Unauthorized trading became a crime. Police roadblocks were set up around the country to control internal trade. The state set up a monopoly on foreign trade and smuggling became punishable by death. Currency trafficking was punishable by 15 to 20 years in prison. Many farms were collectivized.
>
> Food prices were fixed at low levels. Private farmers were forced to deliver annual harvest quotas to "Local Revolutionary Powers." State Companies monopolized industrial production. (*The New York Times*, December 28, 1987; 28)

Under Nkrumah, socialism as a domestic policy in his Seven-Year Development Plan was to be pursued toward "a complete ownership of the economy by the state." A bewildering array of legislative controls and regulations were imposed on imports, capital transfers, industry, minimum wages, the rights and powers of trade unions, prices, rents, and interest rates. As discussed in Chapter 3, many of the controls originally introduced by the colonialists, and supposedly a violation of the people's rights, were continued and even expanded by Nkrumah. Numerous private businesses were taken over by the Nkrumah government and nationalized. Even in so-called capitalist countries like Ivory Coast and Kenya, results were government ownership of most enterprises, and distrust of private-sector initiative and foreign investment.

The Emphasis on Industrialization

Most African leaders equated development with industrialization. The logic was elegantly simple: the developed countries were industrialized and therefore development meant industrialization. However, Nkrumah, for example, was skeptical about basing Ghana's industrialization on an indigenous entrepreneurial class, which, at any rate, hardly existed in sufficient numbers in the 1950s. Various attempts had been made to promote and expand Ghanaian entrepreneurs in the late 1950s, but Nkrumah became quickly disillusioned in these efforts and the capability of nascent Ghanaian entrepreneurs to industrialize Ghana at the speed he desired. In a broadcast on October 9, 1960, he revealed his government policy on private enterprise:

> I have stated that the economic structure is divided into four different sectors: the state-owned sector, the joint state-private enterprise sector, the co-operative sector,

> and the purely private sector. I have also stated that the Government intends to place far greater emphasis on the development of Ghanaian co-operatives rather than encourage Ghanaians to start private business enterprises.
>
> In the past, the Government has given considerable assistance to Ghanaian private enterprise but the result has been negligible and disappointing. So disappointing in fact that the Government feels that its assistance must be channeled in a more productive manner (quoted in Killick 1978, 120).

Nkrumah went further than merely channeling resources to the state. When in May 1961, W. A. Wiafe, a leading businessman in Parliament, criticized Nkrumah's government policies for the confusion they had created in the commercial life of the country to the detriment of African businessmen, he was promptly imprisoned without trial under the Preventive Detention Act of 1961 (Garlick 1971; 121). Also, C. C. K. Baah, another businessman and government backbencher, had to flee the country when he criticized the government's attitude toward private enterprise.

More dramatic, however, was the testimony of Mr. Ayeh-Kumi before the Ollennu Commission (1967), which was set up after Nkrumah was overthrown in 1966 to investigate allegations of corruption in the granting of import licenses. Ayeh-Kumi tendered in evidence a document memoradum prepared by Mr. Amoako-Atta (former minister of finance) and Mr. Djin (former minister of trade) outlining Nkrumah's policy directions regarding big European business and Ghanaian traders. He testified that:

> It has been the system to gradually stifle the big businessmen and the small Ghanaian businessmen in this country to be replaced by State Corporations, and there has been a move towards this in putting all sorts of inconveniences in the way of merchants and traders in the country. The steps to be taken against them were income tax, various types of taxation, (import) license restrictions; African businessmen must not be given licenses and if they persisted they should be given such licenses as would make them incapable of doing business. (Ollennu Report 1967; 10)

Overtly and surreptitiously, there was a massive transfer of investable resources to the state for investment in those economic fields with "low and slow" returns. The rapid growth of the state's share in capital formation was reflected in the fact that by 1965 it had jumped to 65 percent from 25 percent in 1958 (*Economic Survey of Ghana*, 1969; 24).

New factories, roads, schools, and bridges were built at an incredible speed. The beneficiary of the government's investment thrust was the industrial sector, to the almost total neglect of the peasant or rural sector. There was a sharp rise in the number of manufacturing concerns owned wholly or partly by the state. The state's share in gross manufacturing rose from 11 percent in 1962 to a little over 25 percent in 1967.

Nkrumah was explicit about his emphasis on industry:

> Industry rather than agriculture is the means by which rapid improvement in Africa's living standards is possible. There are, however, imperial specialists and apologists who urge the LDCs to concentrate on agriculture and leave industrialization for some later time when their population shall be well fed. The world's economic development, however, shows that it is only with advanced industrialization that it has been possible to raise the nutritional level of the people by raising their levels of income. (Nkrumah 1957; 7)

The strategy on industrialization was based upon import substitution (I-S) and state ownership. High tariff walls were erected to protect I-S industries that were expected to conserve foreign exchange by replacing goods previously imported. Securing a domestic market for I-S industries and assuring a ready supply of imported inputs was one of the objectives of the import licensing program.

When Nkrumah belatedly recognized the immense contribution that agriculture could make to the country's economic development, he took his socialist program to that sector as well. This resulted in increased state participation and massive investments in the agricultural sector, which was to be mechanized and diversified. Nkrumah also saw mechanization and socialization as the quickest means of achieving the agricultural revolution. But as previously stated, he believed Ghanaian entrepreneurs and peasant farmers would be too slow on their own to adapt to the "modern" methods he envisioned (Uphoff 1970; 602).

To realize the potential contribution of these farmers toward the agricultural revolution, they were to be taught and encouraged to adopt modern farming techniques through extension services and demonstration (state) farms. This came across clearly in Nkrumah's public speeches:

> Mr. Speaker, the backbone of Ghana's agriculture has always been its farmers who, particularly in recent years, have made a fine contribution to the economy and

> expressed their patriotism in a number of unselfish ways. The developments the Government is proposing in the areas of State and Co-operative farming will bring them a share of local facilities they have so long been denied. More than this, they will have the opportunity to share in the up-to-date techniques of farming that must be employed if greater yields and diversity of crops are to be attained.
>
> I want our farmers to understand that the State Farms and Co-operative enterprises are not being encouraged as alternatives to peasant farming. The interest of peasant farmers will not be made subservient to those of the State Farms and Co-operatives. We need the efforts of our individual farmers more than ever if we are to achieve, at an increased pace, the agricultural targets we have set [for] ourselves. We look to our individual peasant farmers for the enlargement of investment in our agriculture. (Nkrumah 1973, 195; reprint of speech to the National Assembly on March 11, 1964)

Mechanization was to be the guiding principle of the agricultural revolution for reasons other than increased productivity. To Nkrumah, industrialization and development were synonymous with the adoption of advanced machinery. To demonstrate and encourage the use of modern farming techniques, he set up and designated the following bodies with those responsibilities: the United Ghana Farmers Council was charged with organizing co-operatives and the provision of extension services. State Farms Corporation, Workers Brigade, and Young Farmers' League were established. The State Farms were to be models of collective production of food; the Workers Brigade was to run settlement farms, and the Young Farmers were expected to be mechanized farmers. Finally, a Food Marketing Board was created to fix maximum prices for all foodstuffs and to improve the efficiency of the distributive system. Through these institutions, Nkrumah hoped to create "a complete revolution in agriculture on our continent [and] a total break with primitive methods and organizations and with the colonial past" (Nkrumah 1963; 27).

After being established in 1963, the State Farms expanded their operations rapidly and by 1964 they were cultivating about 51,226 acres and by 1965 were managing a total of 105 farms (Wheetham and Currie 1967; 174). Their labor force was over 30,000 at the end of 1965, while the Workers Brigade and Young Farmers League had between them over 15,000 persons on payroll. The United Ghana Farmers Co-operative Council, which was the sole cocoa-buying agency, engaged over 30,000 workers on farms and in cocoa buying (Ahmad 1970; 117).

The peasants, the chiefs, and the indigenous sector generally did not fit into the grandiose schemes Nkrumah drew up to industrialize Ghana. His Seven-Year Development Plan (1963–69), as previously noted, devoted only two paragraphs to the whole of the agriculture sector, and the 1965 foreign exchange budget allocated a paltry $2 million to agriculture, compared to $114 million and $312 million for manufacturing and imports, respectively.

Problems emerged soon after independence. As we saw in Chapter 3, price controls instituted by the state created artificial shortages leading to black markets, which provided ample opportunities for rent-seeking activities and illicit enrichment. Import and exchange controls were the most lucrative and heavily abused. Ministers demanded 10 percent commission before issuing an import license. Everyone was chasing scarce commodities to buy at government-controlled prices and resell on the black market to make a profit. Neglected peasant agriculture fell into decline and food production per capita fell, diminishing Africa's capacity to feed itself.

Nkrumah was overthrown in a military coup in 1966. But his statist experiment did not end then. Successive Ghanaian governments retained, and in some cases expanded, the state interventionist behemoth Nkrumah had erected. Foreign mining companies were subsequently nationalized. More state enterprises were set up and a denser maze of controls were placed on prices, rents, interest, foreign exchange exports, and imports. By 1970, nearly 6,000 prices, relating to more than 700 product groups, were controlled in Ghana (World Bank 1989, 114). Tragically, this statist development strategy was replicated in many other African countries, although the scale and intensity were somewhat different.

In 1967, Tanzania's ruling party's Arusha Declaration established a socialist state where the workers and peasants controlled and owned the means of production. The Arusha Declaration sought to encourage self-reliance primarily through an expansion of agricultural production for domestic consumption.

Banks, insurance companies, and foreign trading companies were nationalized. A "villagization" program was adopted to encourage the communal production, marketing, and distribution of farm crops. Between 1967 and 1973, the number of rural villagers officially designated as residing in Ujamaa

(familyhood) villages increased from one-half million to two million (an estimated 15 percent of the rural population). In the next several years after 1973, a major drive to bring rural Tanzanians into villages resulted in the creation of villages throughout the entire country. Ethiopia adopted a similar program—forced resettlements on government farms.

In Mozambique, the Mozambican Liberation Front (FRELIMO) sought to establish a socialist state replete with collectivized agriculture, crop-growing schemes, village political committees, and health programs. The party took over about a thousand "fortified villages" (that the Portuguese regime had initially created) to cut off villager contact with FRELIMO. These were converted into communal villages with about one million inhabitants. Other communal villages were set up in the aftermath of the Limpopo and Zambezi Valley floods in 1977 and 1978, and still more were created in response to the resurgence of National Resistance Movement (MNR) guerilla war in Manica and Sofala.

According to Libby (1987):

> The centerpiece of FRELIMO's rural social program for Mozambique was the collectivization of agriculture into communal villages and co-operative farms. Agricultural co-operatives were intended to provide an integrated production base for the communal villages. Hence, villagization was designed to increase food and cash crop production and to make available common facilities for farming as well as provide social services such as education and health comparable with Ujamaa villages in Tanzania. (p. 216)

Strange as it might sound, the statist system established in Tanzania, Ghana, Mozambique, and elsewhere in Africa was no different from that which operated under apartheid South Africa. In fact, one of the cruelest jokes perpetrated on a gullible world was the misconception that the South African economy under apartheid was a "capitalist and free market." For example,

> D. F. Malan, who would lead the National Party to victory in 1948, told the Volkskongress in 1934: "If war should come, it will mean, in my opinion, the end of the capitalist system. But whether this happens with or without war, by revolution or evolution, the capitalist system which is based on self-interest and the right of the strongest is in any case doomed." (Caldwell 1989; 50)

Under apartheid, the South African economy was characterized by severe state interventionism; where blacks could live and work, and what type of jobs they could take, were all determined by the state. The fictional link of apartheid to capitalism remained well into the 1990s, even though the National Party government operated a horrendous array of programs to maintain a heavy presence in the economy. "For small-scale black, family, and co-operative companies, there's the Small Business Development Corporation. To encourage village industry, there are homeland subsidies, the Development Bank, and the Decentralization Board. To finance larger industry, there's the Industrial Development Corporation. Export subsidies are given to industrialists. And control boards guide agricultural production and distribution. This is all done by the National Party government in the hopes of promoting a mixed economy that serves national interests" (Caldwell 1989; 51).

According to Andrew Kenny, a liberal South African engineer and freelance journalist, "Grand apartheid was a piece of socialist engineering which shoved people—mostly blacks—around like earth in front of a bulldozer, much in the same way as the schemes of Stalin in the USSR, Pol Pot in Cambodia, and Nyerere in Tanzania's Ujamaa." Recall from the previous chapter that the Native Lands Act of 1913 was an attempt to deprive blacks of their economic freedom and force them to work for white farmers. The main idea was to push the blacks, who accounted for more than 70 percent of the South African population, into "homelands" or *"Bantustans,"* which made up 13 percent of the land area (*The Spectator*, July 5, 2003; 24).

Kenny went on to claim that "the apartheid regime and the ANC [African National Congress] resemble each other in thought. Both are obsessed by racial ideology and state control. The ANC government has allowed more free enterprise than apartheid ever did but without ever relinquishing a tight commanding grip. South Africa today is not so much capitalist as corporatist or fascist, along the lines of what Mussolini wanted for Italy, with the masters of big business, the trade unions, and the government doing coercive deals among themselves to control the whole economy" (*The Spectator,* July 5, 2003; 25).

Exploitation of the Peasant Majority

Under statism and development planning, African governments envisioned huge surpluses in the rural sector to be tapped for development. Large resources could be transferred to the state by extracting wealth from peasant producers. The milking devices used

included the following: poll taxes, low producer prices, export marketing boards, hidden export taxes, price controls, development levies, and forcing peasant farmers to sell annual quotas to government organizations. The assumption was that such resources ceded to the state would be used by development planners for the benefit of all.

The prices peasants received for their produce were dictated by many African governments, not as determined by market forces in accordance with African traditions. Under a system of price controls, Africa's peasants came to pay the world's most confiscatory taxes.[20] They faced stiff penalties and outright confiscation of their produce if they sold above the government-controlled prices.

Markets were burned down and destroyed at Accra, Kumasi, Koforidua, and other cities when traders refused to sell at government-dictated prices. As previously mentioned, in February 1982, the Tamale Central Market was set ablaze, leading to the destruction of large amounts of foodstuffs, drugs, and imported spare parts (*West Africa*, March 8, 1982; 684).

Unbelievable brutalities were heaped upon peasant farmers and traders under Ghana's inane price controls (1982–1983). Furthermore, Ghanaian cocoa farmers in 1983 were paid less than 10 percent of the world market price for their produce. In Gambia, peanut producers received about 20 percent for their produce in the same year. According to *West Africa* (February 15, 1989):

> On the average, between 1964/65 and 1984/85, the peasants of Gambia were robbed of 60 percent of the international price of their groundnuts! For twenty years, the Jawara Government "officially" took, free of charge, three out of every five bags, leaving the peasant with a gross of two. With deductions for subsistence credit fertilizer, seeds, etc., the peasant would end up with a net one bag out of five. . . . With these facts, it is simply wrong to say that the poverty of the peasant derives from the defects of nature—drought, over-population, laziness, and so on. (p. 250)

In 1981, the government of Tanzania paid peasant maize farmers only 20 percent of the free-market price for their produce. "Studies by the International Labor Organization have indicated that taxation levels in the agricultural sector in Sierra Leone averaged between 30 and 60 percent of gross income" (*West Africa*, February 15, 1982; 446).

In Zambia, when traders refused to sell their produce at government-dictated prices, authorities raided markets in May 1988. They arrested hundreds of people, took their money, and tore down market stalls, seizing sugar, detergents, salt, maize meal, soft drinks, candles, flour, and clothing. Back in 1984 in Ghana, Mr. Kwame Forson, the Agona Swedru district secretary, "called on some unidentified soldiers who make brief stopovers at Swedru to check prices, and instead threaten and rob innocent traders, to desist from such acts" (*West Africa*, July 23, 1984; 1511).

In this way, the peasantry was systematically robbed of considerable resources. For example, in a January 1989 New Year's address, President Houphouet-Boigny of Ivory Coast admitted that peasant cash crop producers "have over the years parted with four-fifths of the value of what they produced to enable the government to finance development" (*West Africa*, May 1–7, 1989; 677). But development for whom?

The resources extracted from the peasants were seldom used to improve their lot but instead used by the elite minority to develop the urban areas for themselves. For example, over 80 percent of the "development" of the Ivory Coast was concentrated in Abidjan for the benefit of the urban elites, not the rural peasants.

The standard of living enjoyed by the elites far outstripped those of the peasants. Contrast the plush and subsidized amenities of the ruling class in the urban areas with the dingy and wretched lives of the rural peasants. In Mauritania, for example, while the elites, the Arabs, had access to subsidized tap water supplies, the peasants, often black, paid seven to forty times more for their water from sellers with donkey carts. In 1982, while the leadership in Zaire was making between $5,000 and $9,000 a month, a peasant was lucky to make $50 a month (*Africa Now*, March 1982; 17). In 1985, Cameroon, with a per capita income of less than $1,000 a year, was the world's ninth largest importer of champagne. The elites were living high: "The governor of the Dakar-based African central bank can reach his thirteenth-floor office without having to step out of his car. One of the many perks that go with the region's highest paying job is a private lift (elevator) to hoist him and his Mercedes to work" (*South*, May 1988; 34).

"Only socialism will save Africa!" African leaders and nationalists chanted. But the socialism practiced in Africa was a peculiar type—"Swiss bank socialism"—which allowed the head of state and phalanx

of kleptocrats (armed government looters) to rape and plunder African treasuries for deposit in Switzerland. As African economies deteriorated, Africa's tyrants and elite cohorts furiously developed potbellies and chins at a rate commensurate with the economic decline. While Africa's peasants were being exhorted to tighten their belts, vampire elites were loosening theirs with fat bank balances overseas. The manager of the failed *Banque Commerciale de Benin* put it rather tersely:

> The basic problem here, beside a lack of competence, is total corruption. The top people line their pockets through political influence. The president's (Mathieu Kerekou's) adviser, Cisse, called *le Marabout*—"the priest"—stole 5 billion CFA (about $14 million) from this bank. We've traced it to Switzerland, London, and Monte Carlo. . . .
>
> The chief bandit is the president, along with his associates in the politburo. The chief prosecutor is the next biggest bandit. Another is the minister of justice: all court decisions are determined by bribes. I went to the presidential palace along with a representative of the World Bank. We were asked when the stolen money would be recovered. It was rather difficult to answer, "Mr. President, *you* have the money.". . .
>
> The top men will have 10 or 15 mistresses who used to run up big debit accounts here, and then go to the *Palais* and say, "You've got to straighten me out with the bank."
>
> The rulers now admit that they never understood Marxism, and as a sop to opinion, a few people have been jailed. But new *marabouts* have been brought in, and are still at the center of the decision-making. (*The American Spectator*, May 1990; 31)

In Angola, the socialist system operated as a kind of reverse Robin Hood, funneling the richest benefits to the least needy:

> Angolans who own cars can fill their tanks for less than a dollar, and international telephone calls cost only pennies. One local boasts of getting a round-trip ticket to Paris on Air France for the equivalent of two cases of beer. Luanda does not even pick up its own garbage; the job is contracted out to a foreign company using Filipino workers lured to Angola with fat paychecks, special housing, and First World garbage trucks.
>
> Of course, the chief beneficiaries of all this are the city's Westernized elite and their foreign business bedfellows. Many of life's necesities, on the other hand, are not available at subsidized prices. For the poorest residents, survival is impossible without resort to *candonga*, or illegal trading (*Insight*, October 1, 1990; 13).

As we shall see in the next chapter, Isabel dos Santos, the daughter of Angola's president, was worth $3.4 billion in 2014.

However, peasants, despite their lack of formal education, proved that they were no fools or pushovers. They rebelled against naked state exploitation by withholding their produce, switching to other crops, producing enough to feed themselves, and simply smuggling their produce to places where it fetched higher prices. One Ghanaian peasant, Amoafo Yaw, said exactly that:

> In this country, much noise is being made about the exploitation of the people. . . . But as far as I am concerned, it is the STATE, as the Chief Vanguard, and her so-called Public Servants, Civil Servants which actually exploit others in the country. . . .
>
> The money used in buying the cars for Government officials, the cement for building estates, and other Government bungalows which workers obtain loans to buy, the rice workers eat in their staff canteens, the soap, toothpaste, textiles cloth, which workers buy under the present distribution system, all come from the farmers' cocoa [cash crop] and coffee money. . . .
>
> This STATE-MONOPOLY CAPITALISM has been going on since the days of the colonial masters and even our own Government after independence has continued the system. . . .
>
> The farmers realizing this naked exploitation decided unconsciously that they would no longer increase cocoa and coffee production, they would not increase food production and any other items which the State depends on for foreign exchange. In effect, there will be no surplus for the state to exploit. (*Daily Graphic*, Accra, February 17, 1982; 3)

The results elsewhere in Africa were falling agricultural and export production. For example, in 1988, diamond dealers and miners in Sierra Leone told Mr. A. R. Turray, the governor of the central bank, that "the government's gold and diamond marketing board (GGDO) was being sidestepped because it does not offer attractive enough prices. . . . Mr. Turray admitted that smuggling could be minimized if the GGDO paid better prices" (*West Africa*, January 23–29, 1989; 125). GGDO did not, and consequently between April and December 1988, its purchases were nil. In Tanzania, the amount of maize and rice sold through official channels in 1984 was less than one-third the level in 1979.

In 1983, the government of Ghana complained that cocoa smuggling was depriving the nation of at least $100 million in foreign exchange annually. Diamond smuggling cost Angola and Sierra Leone at least $200 million and $60 million, respectively, yearly. In Sierra Leone, in just one year, "the diamond output of 731,000 carats in 1975 was reduced to 481,000 in 1976 (34 percent decline) mainly by the activities of smugglers" (*West Africa*, July 18, 1977; 1501). Uganda coffee was regularly smuggled to Kenya. Guinea Bissau diamonds and coffee ended up in Ivory Coast. Nigeria's consumer goods and petrol were regularly smuggled to Cameroon.

Denouncing smuggling as an economic felony, African governments responded by closing their borders and issuing threats: "Convicted cocoa smugglers in Ghana will be shot by firing squad in future, the Chairman of a Public Tribunal, Mr. Agyekum, has said in Accra" (*West Africa*, December 6, 1982; 3179). In February 1989, Nigeria's Justice Minister, Prince Bola Ajibola declared that "henceforth, anyone caught smuggling or in possession of smuggled items will be sentenced to life in prison" (*Insight*, February 6, 1989; 38). For almost a decade, 1975–1984, Tanzania closed its border with Kenya to prevent smuggling but to no avail. Economic barbarism was running amok.

In the 1980s, Zimbabwe was a net food exporter, but by 1992, it was importing food. It is true the 1991–92 drought devastated agricultural production in southern Africa. But in the case of many countries in southern Africa, the drought merely exacerbated an already precarious food supply situation. In Zimbabwe, the culprit was low government-dictated prices. As John Robertson, the chief economist of the First Merchant Bank in Harare, observed:

> The Government [of Robert Mugabe] could have avoided half the total food import with better policies. . . . In the last several years, the Government decided to pay a low price to farmers who grew corn, the staple crop. This meant that the farmers switched to other crops. (*The New York Times*, July 10, 1992; A11)

Development by Imitation

The resources siphoned off from the rural sector were to be used for "national development." But development was misinterpreted by African leaders and elites to mean "change" rather than an "improvement" upon existing ways of doing things. Traditional ways of doing things were denigrated as "unmodern," "backward," and "primitive." To develop, Africans must adopt new ways, values, and systems. This mentality reached a low level of depravity when in 1975 the government of Ghana declared twelve *imported* items as "essential commodities." Among them were tinned corned beef, sardines, rice, sugar, tinned milk, and flour. The implication was that the native foodstuffs, upon which their forebears had subsisted for centuries, were not "essential." Therefore, Africans have to foreswear their culture or diet in order to develop—as if the Japanese, Koreans, and Singaporeans did so.

The propensity to copy foreign paraphernalia became pervasive in Africa. Cuba had People's Defense Committees; so too must Ghana. France once had an emperor. So in 1976, as previously mentioned, Bokassa of the Central African Republic spend $25 million to crown himself "emperor" just to prove that Africa too has come of age. At his trial in Bangui, in December 1986,

> Bokassa berated the court for stripping him of his self-imposed title of field marshal and demoting him to private first class. "You can sentence me to death," he said indignantly, "but you have no power to reduce me to the ranks!" At another point Bokassa raised his arms in a salute reminiscent of his hero, the late French President Charles de Gaulle. "I was always a faithful soldier of General de Gaulle," he said, "and I have always done my duty." (*Time*, December 29, 1986; 27)

France also had a revolution. In June 1989, when it held its bicentennial for its 1789 Revolution, several African despots showed up in Paris. Even the *West Africa* magazine, which was 60 percent owned by the Nigerian government in 1990, noticed something odd. In an editorial, it wrote in its June 24–30, 1990, issue:

> Some of the African guests, such as President Mobutu of Zaire, whose human rights record is grim, looked out of place at such a ceremony, although Zaire is one of the African countries which, ironically, has the word "revolution" in the name of its ruling party. . . . Most of the African leaders present barely related to the anniversary in any case, and would have been on the wrong side in 1789. For the challenges it still embodies are far from being met in Africa, and the spectre of chaos and bloodshed that haunted it, still lurk in the background.

The former Soviet Union was a Marxist–Leninist state. So Robert Mugabe vowed to establish a one-party Marxist–Leninist state in Zimbabwe! Even a child could see clearly that Marx and Lenin were not black Africans. Said Enos Nkala, the former defense

minister: "Marxist–Leninist policies were useless to black people" (*New African*, July 1992; 21).

The United States has only two major political parties. So the Babangida military government of Nigeria created exactly two political parties for the people: the National Republican Convention and the Social Democratic Party. The same unimaginative aping was also taken to the field of development. American farmers use tractors; so too must the peasant farmers of Africa. British farmers use chemical fertilizers; so too must Africa. New York has skyscrapers; so too must Africa in the middle of nowhere. The former Soviet Union had state enterprises; so too must Africa. China has state farms; so too must Africa. China has Confucius Institute; so there are now thirty-eight Confucius Institutes in twenty-five African countries.

Even the supposedly "backward and illiterate" peasants know that what grows well in one part of the world may wither in another because soil conditions, rainfall, and topography may be different. Common sense suggests planting what is suited to Africa's own environment. By "environment" it is meant the whole gamut of indigenous institutions and systems of the people of Africa—the peasants who are the majority.

The scurrilous imitation by African elites was even drawing attention in the foreign press. Dilating on the problem of Africa's black elite to a *Washington Post* reporter, a diplomat from the Embassy of Cameroon said:

> "Go to the cafes and the bistros," he said. "See them in their European suits, reading the latest editions of European newspapers." The problem of African development, he said, was that the *educated elite never developed indigenous models, but instead tried to transplant Europe to Africa.*
>
> It doesn't take long in Africa to see what the diplomat was talking about.
>
> Basil Davidson, a renowned British scholar on Africa, writes in his new book, *The Black Man's Burden*, how European colonialism in Africa set out to deny and eventually eliminate the continent's pre-colonial history. And in that, the Europeans found willing accomplices among Africa's European-oriented elite, the "modernizers," who were in constant conflict with Africa's "traditionalists," including the acknowledged tribal chiefs.
>
> These modernizing Africans clung to the notion that anything traditional was by definition primitive. And it was this elite that came to the forefront of the independence movements and proceeded to impose European models on their new African states. Rather than seek to build on tradition, as the Confucianist societies of East Asia have tried to do even in their revolutionary phases, the new Africans often sought to purge what was deepest and most authentic in their cultures.
>
> That influence can still be seen today. Judges in Kenyan courts wear white wigs and speak in a flowery, archaic English that might be considered "quaint." Governmental institutions in the former British colonies—from parliaments to the "special branch" internal security forces—are near-duplicates of their counterparts at Westminster and Whitehall. Colonial governments in Africa were dictatorships backed by a top-heavy bureaucracy. Independence seems to have substituted black autocrats for the old white colonial governors, with little thought of Africa's traditions.
>
> The suppression of indigenous cultures has been especially pronounced in the former French colonies of West Africa, which were treated as an overseas department of France, noted Pauline Baker, an Africa specialist with the Aspen Institute (in Colorado). "The French tried to have black Frenchmen," she said. [Emphasis added] (*Washington Post*, July 12, 1992; A26)

Failed Industrialization Bid

African elites and governments were fascinated by shiny machines, industry, and new technology. In their selection of development projects, they displayed an abiding faith in the "religion of development"—a predisposition to castigate anything traditional and to exalt anything foreign as sanctified. Across Africa, industry was over-emphasized to the neglect of agriculture. At independence, Nigeria, Sierra Leone, Tanzania, Zambia, and many other African countries used to feed themselves. Two decades later, they were importing food.

Agriculture was routinely denigrated by African elites as an inferior form of occupation. When African governments belatedly recognized the importance of agriculture, they made mechanization the guiding principle of the agricultural revolution. Tons of expensive agricultural machinery were imported into Africa; combine-harvesters graced the landscape in Tanzania. Elsewhere, there was a persistent tendency to opt for capital-intensive and grand monuments. These are symbols of development or progress. But most of these "development projects" came to grief. Among the factors which accounted for the demise were construction delays, poor design, inadequate

supervision, inappropriate technology (too capital-intensive), corruption, and pilfering. In its 1981 Report, the European Economic Community noted that:

> Many development projects failed in Africa because they were on too large a scale and were not adapted to the population and the environment they were supposed to benefit. . . . The projects of most lasting value are generally those which are simplest and directly benefit the local community concerned. (*West Africa*, June 21, 1982; 131)

By 1990, the African economic landscape was littered with a multitude of "black elephants": basilicas, grand conference halls, prestigious airports, new capitals, and show party headquarters. Almost everywhere, the industrialization drive, launched with state enterprises and development planning, failed miserably to engineer development. As Mabogunje (1988) asserted, "It is generally agreed that the false start in all African countries has been due largely to the high level of governmental and bureaucratic domination of the economy with its consequences of inefficiency, profligacy, and inappropriate control" (p. 25). Though a few African state enterprises operated with efficiency, "the overall image of the majority of these public enterprises is a depressing picture of inefficiency, losses, budgetary burdens, and poor products and services" (Etukudo 2000, 23).

In fact, in the early days of their establishment, some public enterprises were modestly profitable. For example, in Nigeria, the former Electricity Corporation of Nigeria, the government railway, the commodity boards, as well as the regional marketing boards all generated surpluses that were reinvested in development projects. The then Eastern Nigeria Marketing Board provided £5 million for the establishment of the University of Nigeria at Nsukka (Udoji 1970, 220). In Uganda, the Uganda Development Corporation had in 1967 a gross turnover of over £22 million and an investment of over £5 million in seven projects. Also in Kenya, especially in the 1970s, state-owned banks spurred growth and were important in the establishment of non-bank financial institutions as well as extensive rural banking (Etukudo 2000, 23).

For the most part, however, public enterprises were unprofitable and chronically inefficient. In 1976, when Somalia installed a plant to box bananas, it discovered that "the quantity needed to make the plant break even exceeded the entire national output of bananas" (*Journal of Econ Growth*, 2: 3, 1987; 4). According to *The Wall Street Journal* (July 15, 1985),

> Togo built an oil refinery big enough to serve half a dozen West African countries. But Togo doesn't produce any oil. Hundreds of millions of dollars went to build five-star hotels and international airports in the remote jungle villages of Ivory Coast President Houphouet Boigny and Zairian President Mobutu Sese Seko. Shortly after independence, Madagascar bought a jet plane and proudly named it "The Revolution." Now, Chase Manhattan is trying to re-possess "The Revolution." (p. 18)

A tin can manufacturing plant in Kenya had such high production costs that cans full of vegetables could be imported from Asian competitors for cheaper than the cost of the Kenyan company's cans alone. The Kenyan government estimated that over $1.4 billion had been invested in state enterprises by the early 1980s. Yet, the annual average return had been 0.2 percent (Goldman 1992, 10).

Civil war reduced Sudan to a vast open-air latrine and rubbish dump. Telephone service is non-existent since lines have been cut for years. Electricity and water supplies are sporadic. State-run schools are often closed, and doctors are more often than not on strike. Army and rebel forces have indiscriminately mined all roads and fields surrounding major towns. Out of this chaos flew the state-owned Sudan Air with nationalistic pride. As *The Wall Street Journal* (June 23, 1990) described it:

> The airline's timetable is meaningless; flights routinely skip scheduled stops, make unplanned layovers of several days, leave without passengers—or most commonly, don't leave at all. In late March 1989, Sudan Air pilots went on strike. It was an empty gesture; the airline's entire fleet was already grounded due to maintenance problems and lack of jet fuel.
>
> In 1983, a Sudan Air 707 landed at night in the White Nile. Though accounts differ, pilots say the navigator mistook the river for the runway. In 1988, officials in London declared a Sudan Air plane unfit and sent it home empty. Passengers joke that the airline's international code, SD, stands for "sudden death." (p. 1)

Nigerian Airways' airbuses were routinely seized for nonpayment of maintenance and landing fees overseas. For two weeks in July 1989, over a thousand Nigerians were stranded at Heathrow Airport waiting for Lagos-bound flights by Nigerian Airways (*West Africa*, August 3–13, 1989; 1305).

Three fatal crashes in a year, however, forced the issue of airline safety into full public debate.[21] "I am nervous," said Nnenna Mazi, as she waited in the domestic departure lounge at Abuja, a week after the ADC crash (*Washington Post*, November 5, 2006; A20). "I had to start praying about the flights like two days before I took off," she added. Abayome Awe, federal Health Ministry physician, was more philosophical: "My nervousness is worse on the road. You have to choose between the two evils. This one (flying) is the lesser one." Shortly before his flight from Abuja to Lagos, his daughter called, inquiring if he was going to make it back to Lagos for the weekend. "By the grace of God," he told her, "I will still come" (ibid.). The Nigerian national newspaper reported that "Of the 54 African countries that established national carriers from independence, only about 15 airlines are operating today while only one makes a profit on the continent" (*THISDAY*, January 30, 2015).

In Angola, industrialization was slow and chaotic. "Factories lacking electrical supply were built and operated by foreigners through turn-key contracts. Their meager and expensive output was uncompetitive in local, let alone foreign, markets" (*The Africa Report*, December 3, 2014).

The Failure of Statist/Socialist Experiment—Case Studies

Everywhere in Africa, statism and development planning failed miserably to engineer development. In their wake, economic atrophy, repression, and dictatorship followed with morbid staccato. Ghana's Seven-Year Development Plan achieved little if any by way of development. Similarly in Tanzania, Nyerere's social transformation was also a crushing fiasco. Misguided socialist policies and economic mismanagement set the stage for Africa's ruination. From 1965 to 1986, Africa's annual rate of growth of Gross National Product (GNP) averaged a deplorable 0.9 percent. With a population growth rate of 3 percent, that meant declining levels of economic welfare for the average African. Real income per capita dropped by 14.6 percent for all of black Africa from its level in 1965. Unadjusted for inflation, GNP per capita grew by a mere 1.4 percent in the 1960s and 0.5 percent in the 1970s. The 1980s began with declines in income per capita (World Bank, *World Development Report 1988*).

The record was no more impressive in the "capitalist" African countries: Cameroon, Ivory Coast, Malawi, and Senegal. Ivory Coast and Senegal were often described as "success stories" for achieving what may be called "spectacular" growth. But they were the biggest aid receivers on the continent. Ivory Coast, as we saw, imploded in September 2002. Senegal received more than $500 million a year from the IMF, World Bank, and France—almost $100 per person in the 1980s.

"Without that aid Senegal would be considered one of the region's basket cases," said *The Wall Street Journal* (July 29, 1985; 18). Moreover, according to *West Africa* (February 10, 1986; 282): "In 1973–1983, Senegal's GNP rose by an average of 2.6 percent from only 1.6 percent in 1965–70. But in 1984, it dropped by 4 percent in real terms to some $2.4 million. From 1965 to 1983, GNP per capita dropped by an annual average of about 0.4 percent."

Agricultural growth was negligible, with output growing at less than 1.5 percent since 1970. Food production did not keep pace with the population explosion. Food production per person fell by 7 percent in the 1960s, 15 percent in the 1970s and continued to deteriorate in the 1980s. Cereal production, for example, fell by 9.2 percent in 1987, according to the Food and Agricultural Organization (FAO), necessitating food aid to stave off mass starvation.

Industrial output across Africa also declined with some regions experiencing *deindustrialization*. The state enterprises established under Africa's various development plans were hopelessly inefficient:

> There are countless examples of badly chosen and poorly designed public investments, including some in which the World Bank has participated. A 1987 evaluation revealed that half of the completed rural development projects financed by the World Bank in Africa had failed. A cement plant serving Ivory Coast, Ghana, and Togo was closed in 1984 after only four years of operation. A state-run shoe factory in Tanzania has been operating at no more than 25 percent capacity and has remained open only thanks to a large government subsidy. (World Bank 1989, 27)

Many of Africa's scandalously underperforming state-owned enterprises—financed in many cases by both the World Bank and the African Development Bank—are provided throughout this chapter. As of the mid-1990s, the World Bank had undertaken more than 2,200 projects in Africa with nearly all of them seriously undermined by poor bank supervision, lack of domestic maintenance, or neglect.

Africa's state enterprises (SEs) consumed about one-fifth of its GDP while contributing only one-tenth

of its GDP (World Bank 1993). In Niger, the cumulative deficit of twenty-three loss making SEs exceeded 4 percent of Niger's (GDP) in 1982. In 1990, subsidies to Zimbabwe's parastatals amounted to 6.9 percent of total recurrent expenditure or 34.5 percent of the budget deficit (Five-Year Development Plan, 1990–1995). In Tanzania, between 1976 and 1979, one-third of all state enterprises were losing money. In Benin, more than 60 percent of all SEs suffer losses. In Togo, the losses of just eight state enterprises reached 4 percent of GDP in 1980, while in Ghana, 65 percent of all state enterprises still had losses in that year. In 1984 there were 235 state enterprises in Ghana. Kenya's government estimated that over $1.4 billion had been invested in SEs by the early 1980s. Yet, their annual average return had been just 0.2 percent of invested capital (Goldman 1992, p. 10).

Mr. E. A. Sai, member secretary of Ghana's Committee of Secretaries, echoed these sentiments:

> Apart from a few success stories in the management of public enterprises in Africa, such as in the Kenya Tea Development Authority, Botswana's Meat Commission, Tanzania's Electricity Company, The Guma Valley Water Company of Sierra Leone, and Ghana's Volta River Authority, the record of state enterprises had been poor. (*West Africa*, May 16, 1988; 897).

Indeed, in a speech at the International Conference on Privatization on February 17, 1987, in Washington DC, former president of the African Development Bank, Babacar N'Diaye, himself admitted that

> It is now generally accepted that over time the majority of public sector enterprises or entities have not performed efficiently. Instead of accumulating surpluses or supplying services efficiently, a good number of these enterprises have become a drain on the national treasuries. Due to this poor performance, coupled with the growing recognition of the costs of ineffective public enterprises in terms of foregone economic development and the scarcity of domestic and external resources for public sector expenditure, reappraisal of the strategy of heavy reliance on the public sector has become imperative. From this reappraisal, a view has emerged—the need for enhancement of the role of the private sector in development. . . . We in Africa are facing a great challenge. We believe that the creation of a conducive environment for the growth of the private sector, an important agent of economic growth, is essential. (*African Business*, June, 1987; 23)

Egypt

The tale of gross inefficiency, profligacy, and mismanagement can be recounted in one state enterprise after another in the postcolonial period. The experience of Egypt was even more dramatic. Back in 1993, foreign investors took one good look at Egypt and drew a loud yawn. Its economy was suffocating under a leviathan bureaucracy. Inefficiencies at state enterprises were titanic, illustrated by the case of Pyramid Beverage Co., which produced the country's flagship beer, Stella. Its reputation quickly became legendary. Beer drinkers in Cairo soon learned to inspect each bottle before they purchased the product because many arrived on store shelves flat or half full. An occasional bean has been seen floating in an unopened bottle of Stella. Pyramid Beverage was founded in 1897 by Heineken Co., the giant Dutch brewery, but was nationalized under Gamal Abdel Nasser's version of "Arab socialism" in 1961.

In 1993, the Egyptian government hosted a delegation from Heineken to see if it was interested in buying back Pyramid Beverage. After inspecting the factory, the delegation said: Thanks, but no thanks. And to add insult to injury, they informed the government that they would rather invest their money in Latin America and South Africa, according to Adeeb Mena, who then headed the commercial section of Pyramid Beverage.

"It was very humiliating," said Hamad Fahmy, chairman of the government holding company that owned the brewery (*Washington Post*, May 8, 1996; A27).

The factory was in a sordid state: antiquated equipment, factory grounds filthy with heaped trash and with paint flaking from the ceilings. The work force was bloated. The company employed 3,000 workers, about ten times the number Heineken estimated was needed to produce the same quantity.

The Egyptian government cleverly changed the name of the brewery to Al Ahram Beverage Co. Still, there were no takers. An attempt to sell 10 percent of the shares in 1996 flopped badly.

Another foreign company, Owens Corning, which sent a group of executives to Egypt in 1993, reached a similar conclusion: Egypt was not yet ready. Company executives could not even get a firm date for a meeting with the Egyptian government commission that was supposed to approve their investment.

Though Egypt had agreed with the World Bank and IMF on an ambitious economic restructuring program to privatize moribund state-owned enter-

prises, and curb inflation and budget deficits, reform was proceeding at a glacial pace. From 1992 to 1995, only three of its 314 public-sector companies were sold to private investors. Analysts pointed to the huge resistance to privatization from public-sector managers and workers that had to be contended with. Even within the government circles, there were many who believed privatization amounted to selling off the nation's assets too cheaply to foreign interests. At one point the IMF became so frustrated at the pace of reform that it suspended its loan program to Egypt.

In 1997, Al-Ahram Beverage was sold to Luxor Group and has gone through further restructuring resulting in better-quality products and wider distribution. Sales were up 13 percent to 168 million Egyptian pounds ($49.3 million) in the year ending June 1998, while net income rose 25 percent to 67.6 million pounds (*Wall Street Journal*, January 12, 1999; A19).

Shaking off decades of "socialist hang-over" has been tough. Overstaffing in Egyptian companies still remains a problem. State enterprises were often employment mills for party faithful, and there was the tendency to pad pay rolls. Though pay scales were meager, state workers often enjoyed free medical care and subsidized housing and transportation. "The public sector is better than the private sector," said Abdel Ghani Azouz, age forty-three, a fermentation worker at Pyramid Beverage in 1994 (*Washington Post*, May 8, 1996; A29).

Ghana

At independence in 1957, Ghana started on the development road with the same per capita income of $200 as South Korea, which made Ghana one of the richest countries in the developing world. Its civil service, rooted in British tradition, was fairly efficient. Foreign exchange reserves stood at $400 million and the country was the world's leading producer of cocoa. Its first president, Dr. Kwame Nkrumah, launched an ambitious industrialization program that hoped to achieve in a decade what it took others a century. Foreign companies were nationalized and state monopolies established. A bewildering array of legislative controls pertaining to prices, interest, and exchange transactions were imposed. By 1965, agricultural production had plummeted and food shortages had appeared in the country, which once used to export food.

A master plan—the Seven-Year Development Plan—was drawn up to launch Ghana into the industrial age. Factories were built and whole industries set up at incredible speed. Technical institutes cropped up, and even an atomic energy commission was established at Kwabenya. But it became apparent that the drive toward industrialization was governed more by considerations of prestige than rationality. Not surprisingly, Ghana's Seven-Year Development Plan achieved little if any by way of development. The indictment by Tony Killick (1978) was more scathing:

> The Seven-Year Plan, then, was a piece of paper, with an operational impact close to zero. Why? It could be argued that this was due to defects in the plan itself, to shortages of staff to monitor and implement it, and to the intervention of factors beyond Ghana's control, especially the falling world cocoa prices of the early and mid-sixties. [But] in retrospect, we see an almost total gap between the theoretical advantages of planning and the record of the Seven-Year Plan. Far from providing a superior set of signals, it was seriously flawed as a technical document and, in any case, subsequent actions of government bore little relation to it. Far from counteracting the alleged myopia of private decision-takers, government decisions tended to be dominated by short-term expediency and were rarely based upon careful appraisals of their economic consequences. The plan was subverted, as most plans are, by insufficient political determination to make it work. (p. 143)

The state enterprises established by Nkrumah were intended to produce consumer goods that were previously imported in the hope that foreign exchange would be saved and employment created. The businesses were hastily and haphazardly established. In many cases, feasibility studies were not done to determine the economic viability of the enterprises. About 74 percent of the total inputs into the manufacturing sector were imported (Killick 1978, 201). Thus, there were delays in the importation of inputs—either due to the insufficient allocation of import licenses, managerial incompetence, or scarce foreign exchange. The delays idled production. Since workers in state enterprises were seldom terminated or furloughed, they were paid even when they produced nothing. The enterprises were saddled with chronic inefficiency and underproduction. Nkrumah's state enterprises could not deliver the goods and when they did, the final products were more expensive than the imported substitutes.

The government of Ghana estimated that at the end of 1966, actual manufacturing output was only one fifth of the single shift capacity of the installed plant. Even the 1965 Annual Plan, prepared by the

government itself, showed that actual production in the state industrial enterprises was only 29 percent of their capacity. Of the twenty state manufacturing enterprises that were in operation in 1964, only ten were working to half or more than half of their optimum capacity. In three cases, the actual production was even less than l0 percent of the full capacity. In one case, (the paper bag division of the Paper Conversion Corporation at Takoradi) the rate of utilization was as low as 3.5 percent. On average, the twenty state manufacturing enterprises were using only 42 percent of their total productive capacity (Ahmad 1970, 116).

Underutilization was extensive during the 1960s. In March 1966, as many as thirteen of the State Fishing Corporation's seventeen fishing vessels had been tied up at home and abroad for want of repairs or attention. Six of them were at Japanese ports incurring daily mooring charges of $50 (*Daily Graphic*, November 17, 1978; 6).

Worse, the state enterprises turned out to be inefficient at saving of foreign exchange. Steel (1972) concluded from his study that:

> Existing structure and utilization of manufacturing capacity represents a very costly and inefficient method of gaining foreign exchange and raising national income. Even worse, 24 percent of output was produced at a net loss in foreign exchange, taking into account all foreign exchange costs of capital and domestically produced inputs. (p. 226)

In other terms, an item that could be imported for $10 was being produced and sold by Ghana's state enterprises for $15. That many state enterprises were net users of foreign exchange is further supported by a study by Killick (1978). He showed that between 1966 and 1970, when the quantity of imports of industrial raw materials went up by nearly one half, gross output per manufacturing establishment actually declined in real terms by 9 percent and that constant price value added per establishment went down by a remarkable 2 percent over the same period (p. 197). In other words, the contribution of state enterprises to the national output was negative.

It is ludicrous to even ask how profitable the state enterprises were. At the time of the coup in Ghana in 1966 only three or four of the sixty-four state enterprises were paying their way (Garlick 1971; 141). Killick's calculations on some selected state enterprises showed that in 1964–65, twenty-three of them had losses totaling 14,116,000 cedis ($58,000).

More disturbing was the co-existence of certain loss-making public enterprises with private firms that can be assumed to have been profitable by virtue of their continued existence. Cases in point were State Fishing, State Construction, State Transport, State Footwear, and State Housing Corporations (Killick 1978, 218).

In fishing, for example, the private company Mankoadze Fisheries Ltd. had been remarkably successful while its government counterpart was plagued with excess capacity. In 1967, three of the State Fishing Corporation's vessels were sold to Mankoadze and in January 22, 1979, Colonel S. M. Akwagyiram, commissioner for Agriculture, "praised the spectacular results of Mankoadze for defying the numerous odds it encountered in the past twenty years to build the biggest African-owned fishing company on the African continent" (*Daily Graphic*, January 22, 1979; 3).

On another test of efficiency, Killick (1978) showed, using available fragmentary evidence, that the state enterprises, which tended to be more capital-intensive, had lower labor productivities than their private counterparts. The productivity achieved by workers in the state enterprises barely approached 50 percent of the level achieved by workers in the private sector (Killick 1978, 223; Table 9.2).

Evidently, these state enterprises, more often than not, were riddled with gross inefficiency, waste, and bureaucratic corruption. The following snippets of information provide some limited insight into the sordid performance of Ghana's state enterprises:

- Ghana's State Meat Factory at Bolgatanga, which produces the VOLTA corned beef, was closed for nine months. Yet, employees received full pay for the period of closure (*West Africa*, November 30, 1981; 2884).
- "The Boatyard Division of GIHOC at Mumford Village in the Apam District (Central Region) has launched only 6 vessels with a workforce of 40 employees since its establishment 9 years ago" (*Daily Graphic*, August 14, 1981; 8).
- A Yugoslav company built a mango processing plant in Ghana with a capacity exceeding the entire world's trade in canned mangoes. When the factory was commissioned in 1964, it was discovered that the supply of mangoes came from a few trees scattered in the bush (Killick 1978, 229).
- The Ghana government owns nearly 90 percent of the companies doing business in the country. There are nearly 340 plus state-owned enterprises.

Out of this number, only seventeen have posted improved figures to date (*Ghana Drum*, October 1992; 17).

- In 1972, the government took over the African Timber and Plywood Company. Before the takeover, "production was 75 percent of installed capacity but this has fallen to a woeful 13 percent" (*West Africa*, October 12, 1981; 2422).
- In 1976, the government of Ghana took over R. T. Briscoe, a foreign company. "Before the takeover, the company was producing 241 buses in 1974. After the takeover, production was 12 buses in 1977 and only 6 buses in 1978" (*Daily Graphic*, January 18, 1979; 1).
- In 1980, the government of Ghana voted 80 million cedis for the Ghana National Reconstruction Corps, a reconstituted State Farm Organization. At the end of the farming season, only 864,000 cedis was recovered (*Daily Graphic*, July 21, 1981; 5).
- For fourteen months, from November 1978 to January 1980, the State Jute Bag Factory was closed due to a shortage of raw materials. Yet, the one thousand workers received full pay for the entire period of closure (*Punch*, August 14–20, 1981; 4).
- The pre-fab factory started by the Russians in 1962 has not produced a single home. Yet, five hundred Ghanaian workers and thirteen Soviet experts were drawing salaries for a period of six years (*Daily Graphic*, December 6, 1978; 5).

Clearly, Nkrumah's industrialization strategy was an unequivocal failure. The massive investments in state enterprises turned out to be black elephants. Killick (1978) summed up the situation quite tersely:

> State enterprises were unprofitable—absolutely by comparison with public enterprises in other developing countries and by comparison with private enterprise in Ghana—and they were unprofitable despite considerable monopoly powers (and excessive effective rates of protection). State enterprises, then, failed to fill the entrepreneurial gap, to propel the economy forward and to generate the surpluses which Nkrumah demanded of them. (p. 227)

But getting rid of these unprofitable and inefficient state enterprises has been a chronic headache. For example, the water supply situation in Ghana's cities and regional capitals has suffered from inefficiencies over the years. They worsened over the past two decades due to poor urban development, population growth, and Ghana Water's own decrepit facilities and corrupt management practices. The state-owned corporation employs fourteen people per one thousand customers—"but according to one international expert, that should be down to about five. And half of Ghana Water's daily production of 120 million gallons is unaccounted for, lost through leaks and unpaid bills" (*BBC World Service*, August 13, 2003; www.bbc.co.uk).

Attempts to rectify the situation, including a $140 million project to improve the system in 1989, failed to get water flowing through the taps. Most homeowners in urban cities had to purchase water tanks at the considerable expense of 3 million cedis (or $400) because the taps ran only for a few hours for two or three days a week. In some parts of the capital city (Accra), such as Teshie-Nungua, Madina, and Adenta, residents paid between 500 cedis and 1,000 cedis (5–12 cents) per bucket of four gallons from private suppliers. The official Ghana Water rate was 64 cedis.

The World Bank sought to "bribe" the Ghana government to privatize the water supply system with an interest-free loan of $150 million to re-equip the state-run Ghana Water Company and hire new management. Immediately, opposition was registered from the country's National Coalition against the Privatization of Water (CAPW). The anti-privatization lobby argued that access to water is a human right. "You can't privatize something as close to air as water, and allow market forces and profit motives to determine who can and who cannot have some to drink," said Ameng Etego, spokesman for the CAPW (*BBC World Service*, August 13, 2003; http://news.bbc.co.uk/2/hi/africa/3145001.stm). "We agree that there's need to improve efficiency and root out corruption at Ghana Water. But for the World Bank to insist that we privatize before it gives us a loan is plain blackmail. We should use the money to address the management problems internally," he added. But the real issue was not whether private suppliers earn a profit or not. Rather, it was having access to water at 500 cedis or not having water at 64 cedis.

Ivory Coast

Similarly in Ivory Coast, French economic interests shaped the country's industrialization program. Upon independence in 1960, President Felix Houphouet-Boigny chose to maintain the existing close relationship with France. Known as *Le Vieux*, Houphouet-Boigny ruled single-handedly for thirty years, until November 1990 when he was forced by popular demand to

appoint a prime minister. Under his leadership, Ivory Coast was a one-party state led by the *Parti Democratique de Cote d'Ivoire* (PDCI), the sole legal party, which ruled for thirty-nine years from 1960 to 1999.

Houphouet-Boigny proscribed opposition parties with the constant refrain that "his life was under threat from opposition figures working in collusion with juju-men and their gris-gris" (*West Africa*, July 13–19, 1992; 1171). He took responsibility for all policy decisions. The press was tightly controlled by the government and faithfully reflected the party line. All civil servants were party members.

For forty years after independence, Ivory Coast was characterized by a continuous coup d'état—by a small minority who managed to control the political and the economic power. They became a rentier class and their interests were protected by the French state (Leymarie 2000). The development of the economy was aimed toward serving the needs of the entrepreneurial farmers allied to French big business. Accordingly, European presence expanded tremendously in the postcolonial period. Gradually, however, the new African government began to expand its power over the economy. It took an increasingly active role in the allocation of resources and the redistribution of wealth. In 1970, the government implemented a five-year national plan that affirmed the government's desire to become more actively involved in the allocation of resources.

The central government began to invest in prestigious but inefficient projects, such as the creation of a new capital city and large hydroelectric plants. These projects were financed largely by annual World Bank loans, which did not require that the projects make a financial return. Rather, investment in these projects assured the central government of a steady flow of capital and the employment of a loyal cadre of followers. It was widely known that much of the loans were being squandered, yet the foreign bank loans poured in. Ivory Coast's public long-term debt was $4.7 billion in 1980, or 40 percent of its GDP. Debt grew to $6.8 billion in 1984, more than 85 percent of its GDP that year (Berthlemy and Bourguignon 1996; 70).

While not overtly socialist in ideology at independence, the Ivorian state increasingly became actively interventionist. It took an active role in planning, in the provision of infrastructure, in the extraction of surplus from the peasantry, and in investment. It also took minority shareholder positions in private productive enterprises. In 1966, the *Caisse de Stabilisation et de Soutien des Prix des Productions Agricoles* (or Caisse) was established to fix producer prices for cocoa and coffee, operate a reserve stabilization fund, and extract profits for the state—much in the same way that marketing boards operated in Anglophone Africa, with slight variation.

> According to Berthlemy and Bourguignon (1996: 30), "Initially, the CSSPPA [Caisse] was to be only a price stabilization device and an instrument for controlling export crop markets." However, with the increase in coffee and cocoa world prices in the mid-1970s, it became an additional source of revenue for the government and virtually abandoned its original stablizing function. Between 1960 and 1990, CSSPPA made significant profits every year except for 1972, 1989, and 1990. This profit was achieved by fixing the prices to the producers at a much lower level than the prices on the international market. In 1984 and 1985, coffee and cocoa producers received on average only 37 percent of the international prices paid to the CSSPPA. (*Cato Journal*, 1998, Vol. 18, No. 1)

Increased state activity led to greater direct public control and stimulation of cash-crop production. By 1979, thirty-three state enterprises had been established. Among them were SODESUCRE, to stimulate cane-sugar production to produce refined sugar, which was exported; SODERIZ, to increase rice production and eliminate imports; and SODEPALM, to increase palm-oil and coconut-oil production.

Industrialization was very limited and adapted to the needs of cash-crop farmers. The industrialization program consisted of two elements. The first—"manufacturing"—consisted of processing local raw materials for export, the second, "import-based industries," produced consumer goods for the local market with imported inputs. Extreme care was taken so that Ivorian industries would not compete with French ones. In fact, most of the industrial plants were subsidiaries of French companies, and the list of industries set up in Ivory Coast excluded the possibility of economic take off (Destanne de Bernis 1981, 112). The state retained ownership of the plants, but their operation and technology, especially in textile and construction sectors, were controlled by French capital. Managerial and technical staffs were drawn from the expatriate community. The plants relied on imported inputs, often overpriced. Consequently, profits were quite low, leaving little room for taxation (Leymarie 2000).

Houphouet-Boigny once described this economic philosophy as "state capitalism," but it transmogrified

into "crony capitalism." Many of his associates enriched themselves fabulously under his watchful patronage. The agro-business parastatals became "private fiefs of the managing elite" (Fieldhouse 1986, 193). In the 1970s, Henri Bedie, the minister for the economy and finance, was dismissed for embezzlement and fled the country, later to become the Charges d'Affaires of the Ivorian Embassy in Washington DC. "Rehabilitated," he returned to become the chairman of the Ivorian National Assembly. His name resurfaced in a number of financial scandals regarding his ill-fated plans to expand the country's sugar industry that rocked the country in the 1980s.

Another Houphouet-Boigny associate, Emmanuel Dioulo, former mayor of Abidjan, fled to Europe in March 1985 to avoid criminal charges of embezzlement and fraud. His company, COGEXIM, "had failed to repay loans worth $58 million to the Banque Nationale de Development" (*West Africa*, May 1–7, 1989; 677). He received a presidential pardon and indemnity from prosecution upon his return to the country on March 3, 1986. In April 1989, Dr. Theodore Kouba, another executive member of the ruling PDCI, was charged with extorting CFA 6.8 billion ($21.8 million) from executives working for the Abidjan-based Continental Bank, the African Development Bank, the World Bank, and from some eight hundred Ivorian teachers under the pretext of building estate houses for them.

In 1983, Houphouet-Boigny himself stunned the nation by declaring on television that: "Yes, I do have assets abroad. But they are not assets belonging to Cote d'Ivoire. What sensible man does not keep his assets in Switzerland, the whole world's bank? I would be crazy to sacrifice my children's future in this crazy country without thinking of their future" (*La Croix* [Paris], March 13, 1990). In the *Guardian Weekly* (London), Paul Webster claimed that Houphouet-Boigny "was siphoning off French aid funds to amass a personal fortune as high as 6 billion pounds sterling" (June 17, 1990; 9).

Ivory Coast's economic development strategy, supported with massive infusion of World Bank loans and French aid, was based on the extraction of large surpluses from small-holders (peasant farmers)—for example, through 40 percent or higher taxes on cocoa—for investment by the state. In his 1988 New Year's address to the nation, Houphouet-Boigny admitted that the country's farmers had over the years sacrificed 80 percent of the value of what they produced to enable the government to finance economic development. But the sums were channeled into inefficient and unprofitable state corporations. Further, development that took place was concentrated in Abidjan and other urban areas, bypassing rural peasants. The president's protégés used the rest of the peasants' money for self-enrichment and deposited it overseas. In 1990, "the central bank calculated that some CFA 130 billion ($456 million) are spirited out of the country illegally each year" (*Africa Report*, May–June, 1990; 14).

To be sure, in the 1960s and 1970s the Ivory Coast did enjoy robust economic growth, averaging 6 percent annually—one of the highest growth rates in Africa—and earning praise from the World Bank and other international donors. However, the windfall earnings from cocoa and coffee in 1976 and 1977 were splurged on imports, and the country borrowed recklessly to finance a consumption binge. Its foreign debt soared from $1.66 billion in 1975 to $8.45 billion in 1987 and $14 billion in 1988 for a country of 16 million people. An economic crisis emerged in 1979, debts were rescheduled, and a structural adjustment agreement was signed with the IMF and the World Bank in 1981. An initial success, with GDP growth registering 5 percent in 1985, led the World Bank and the IMF to throw all caution to the wind. A hasty 1985 IMF report, ignoring all signs of social discontent, huge disparities in income, and the lack of institutional infrastructure, was effusive in its praise, declaring Ivory Coast "a success story"—a model of free-market success.

Falling commodity prices and scandalous mismanagement brought the crisis back in 1988. GDP growth turned negative (-6.4 percent) with an income per capita of $830, down 36 percent from $1,290 in 1978. Blaming the declining market on Western commodity speculators, President Houphouet-Boigny asked all public sector employees, students, and teachers for a "solidarity tax"—cuts in wages and allowances, 40 percent for civil servants. The official price paid to cocoa and coffee producers was reduced by 50 percent for the 1989 to 1990 growing season. These measures provoked unrest and riots amid calls for political reform.

Viewing the vast basilica Houphouet-Boigny was building for himself at Yamoussoukro at the cost of $360 million, and taking a cue from the dramatic developments in Eastern Europe, workers opposed the tax. They took to the streets in February and March

1990 to vent their anger at the government. They dismissed his argument that Western commodity speculators were responsible for the collapse of the markets and demanded his resignation, pointing to the basilica as a paramount example of his failed leadership. Irate workers demanded the prosecution of the grotos—the corrupt ruling elite—accusing "Houphouet-Boigny and some of his powerful government ministers of having hidden away in Europe sums said to exceed the foreign aid that Western donors have poured into Ivory Coast" (*Washington Post*, March 26, 1990; A17). When Houphouet-Boigny insisted that there were no billionaires in the Ivory Coast, a tract revealed that Minister of Primary Education Odette Kouame, appointed in 1985, owned a castle on Boulevard Latrille in Cocody and another in her own village.

Houphouet-Boigny steadfastly rejected the protesters' demands for multiparty democracy, claiming "tribalism was still the main obstacle to the achievement of national unity—the prerequisite for a change in the status quo" (*Africa Report*, May–June 1990; 16) and unleashing his security forces on the protestors with tear gas, stun grenades, and truncheons. Schools were closed and 120 teachers were arrested (*West Africa*, April 2–8, 1990; 558).

By May 1990, the Ivorian "miracle" had gone bust. The country's thirteen bishops issued a pastoral letter, deriding the situation as the "Ivorian malaise" (*West Africa*, August 6–12, 1990; 2251). Mounting pressure—through strikes and demonstrations—forced Houphouet-Boigny to legalize other political parties and to hold multiparty elections in November 1990. But Houphouet-Boigny handily won a seventh term in a presidential election generally regarded to have been rigged.

Social discontent against the corrupt ruling oligarchs bubbled to the surface again in 1992 when angry citizens took to the streets to protest hopeless life in perpetual poverty. University students boycotted end-of-year examinations to protest the government's new education policy, which required them to pay higher bus fares. Unemployed youth also went on the rampage, blocking midday rush hour traffic. Producers of the country's cash crops joined in. Years of neglect by the government had left them bitter. Apart from good access roads, every other social service was in short supply. At an October 1992 meeting at Anyama, on the outskirts of Abidjan, the farmers demanded better prices for their produce. (Again in 2003, the farmers renewed their demands, refused to sell their cocoa, and burned several tons of produce to protest low prices.)

In 1993, Houphouet-Boigny passed away, and power-hungry stalwarts within the ruling PDCI party could not even wait for his burial before jostling ferociously to succeed him. Said a desperate Philippe Yace, a challenger: "I would be happy to become president, even if just for two weeks" (*New African*, May 1994; 41). Ordinarily, the prime minister, Alassane Ouattara, should have taken over, but he was outmaneuvered by Henri Konan Bedie, the Speaker of the Parliament. Bedie, who hails from the same ethnic group as Houphouet-Boigny (Bauole), assumed full control but departed from Houphouet's style of governance: dialogue and consensus with opposition forces.

In 1994, Bedie launched a highly xenophobic and ethnically divisive campaign of "Ivoirite"—Ivorian-ness—ostensibly to check the influx of foreigners. But opposition leaders said the campaign was to promote his Baoule ethnic group and prevent Ouattara, a Muslim from the north, from ever becoming president. "After 1994, after Ouattara left, all (Muslim) northerners lost important jobs," said sociologist Abdou Touré. "I was fired from UNESCO, Ali Coulibaly was fired as main television broadcaster, General Abdoulaye Coulibaly was fired as air force commander. We were replaced by Baoules" (*The Washington Times*, October 10, 1996; A17). Many African immigrants, notably from neighboring Burkina Faso and Ghana, were harassed and forced to leave.

For the presidential elections in 1995, Bedie rammed through Parliament an electoral code designed to ensure his victory and changed the president's term of office from five to seven years. Protests led to violent clashes with security personnel on October 16, 1995, and five lives were lost. "Only a politician like Bedie could have made such a mess of things," said an irate World Bank official. "Only he could have turned an economic success story into a political nightmare that this is turning out to be" (*The Washington Times*, October 19, 1995; A14).

Crony capitalism continued unabated. In May 1998, the *French Weekly* published the fortunes of African heads of state, placing President Houphouet-Boigny's fortune at 35 billion FF (US$6 billion) and clocking President Henri Bedie's at 2 billion FF (US$300 million) (reprinted in the Nigerian newspaper *The News*, August 17, 1998). Companies with links to President

Konan Bedie's family grew fat in financial services and commodity trading, while others gobbled up the most profitable privatized state companies.

In June 1999, the EU suspended aid to Ivory Coast after discovering that about $30 million donated for health programs had apparently been embezzled through dubious accounting, over-billing, and failure to deliver goods. One example was baby weighing scales; a single scale would normally cost about $40 but was billed by the health ministry at $2,445. Subsequently in July, Communications Minister Daniele Boni Claverie revealed that four senior government officials of the Health Ministry were being held for questioning.

In August 1999, Ouattara was proclaimed leader and presidential candidate of the Assembly of Republicans (RDR), a breakaway group from the ruling party. Bedie grew nervous and panicky. On November 12, 1999, eleven leading members of RDR, including four members of Parliament, were jailed for two years for allowing others to cause public disorder. Nine more were charged with public order offenses. On November 26, the police sealed whole areas of Abidjan and arrested eight more leaders of the RDR in a northern town. The crackdown further widened ethnic and religious divisions, leading to events that culminated in a military coup. The rebellion not only was against appalling socioeconomic conditions and the tyrannical excesses of the Bedie regime but was also a sharp rebuke of French and World Bank policies in the Ivory Coast. On December 24, 1999, Bedie was overthrown by General Robert Guei.

Disavowing any interest in politics, General Guei vowed to create the necessary conditions for a real democracy with a view to holding fair and transparent elections within a year. He would not stand for election, he said; he had only come to "sweep the house clean" and return to the barracks. But after tasting power for a few months, he found that "Power sweet bad, Haba!" as Africans would say. He decided to run for the presidency in the elections he had scheduled for October 2000. Since he needed a political party, he asked the very political party he overthrew on charges of corruption to choose him as their presidential candidate! When none of the parties would have him, he decided to run anyway as the "people's candidate" in the October 27 elections.

When early returns showed that General Guei was losing, he ordered his soldiers to raid the Electoral Commission and sack the commissioners. The vote was then counted in secret and General Guei declared the winner. But angry Ivorians poured into the streets of Abidjan, demanding that General Guei step down from power. He fled Ivory Coast in a helicopter on October 29 and Laurent Gbagbo became the new president. But that did not end Ivorian troubles. Gbagbo resurrected *Ivoirite* to debar Ouattara from seeking the presidency. A mutiny by soldiers in September 2002 degenerated into civil war and state implosion. By January 2003, the Ivorian miracle had morphed into a ghastly nightmare. This was repeated in 2010 when President Gbagbo refused to step down after losing the November ballot.

Nigeria

Nigeria differed from other African states in three respects: a large population, a federal constitution, and a major gold-strike in the form of oil and economic liberalism. It eschewed doctrinaire socialism and adopted federalism at independence in 1960. But, as Fieldhouse (1986) noted, "Lagos, exactly like Accra, aimed to concentrate the largest possible share of the national product in its own hands, to expand the public sector and to develop import-substitution industry by means of tariffs, import licensing, and other stimuli" (p. 151).

Soon after independence, federalism ran into problems, which originated from two key pieces of legislation. The first was the 1951 Macpherson Constitution. This replaced the 1947 Richards Constitution, which created three houses of assembly for the three different regions: the North, the East, and the West. The new Macpherson Constitution set up a House of Representatives and a Council of Ministers at the center. The ostensible reason was to secure a more unified government. But it came at a crushing political cost, concentrating enormous powers in the hands of the federal government. The military, dominated by the northern Hausa, captured and monopolized the state for twenty-nine out of the thirty-nine years of Nigeria's independence, until 1999 when civilian rule was ushered in.

The second problem was a 1970 law that in effect gave all mineral rights in Nigeria to the federal government. Revenues were then, in theory, distributed throughout the country. With the discovery of oil in the early 1970s, much oil revenue flowed into government coffers, accounting for more than 80 percent of government revenue. The states could not raise their own revenues, but had to rely upon handouts from the

central pot, the amount of which corresponded to the population in the states. Because of this set-up, there has always been a dispute over population censuses. Fierce competition inevitably developed among politicians, organizations, state governments, and the various ethnic groups to capture the central pot or at least gain access to it.

Politics has often been seen as a way of gaining access to fantastic wealth. Much time is wasted over how to share the spoils of office. This often stirred ethnic chauvinism. The group that dominated the administration handed out the best jobs and contracts to its friends and kinsmen. The ethnic minnows left out clamored for their own states and even threatened secession (the Biafran War of 1967). New states were created for some: seven in 1976, two more in 1987, and nine in 1993. By 2003, the number of states had reached thirty-six. The Ogoni in the Niger Delta are the latest clamoring for their own state. Their grievances are real. They sit on top of billions of dollars of oil reserves. But "we get no benefit from it, absolutely none," complained Chief Edward Kobani, a senior elder of the Ogoni. Nor was revenue from Nigeria's immense mineral wealth used to lift the people out of poverty.

With the huge influx of oil money, Nigeria's governments embarked upon extravagant public projects. This created other strong constituencies to lobby aggressively for budgetary allocations. The state expanded public expenditure programs enormously to provide social services and utilities. Primary education was made free and mandatory, which created a huge market for the construction of school buildings and provision of textbooks through the state, thus creating the conditions under which influence-peddling, bribery, and corruption flourished.

Nigeria's economic crisis emerged in 1983 following a precipitous drop in oil prices in 1981. Growth rates turned sharply negative in 1983. By 1985, the distortions in the economy had reached alarming proportions. To deal with the worsening economic situation, the government of General Ibrahim Babangida adopted the IMF's Structural Adjustment Program (SAP) in July 1986. Among others, trade was liberalized, price controls removed, and the banking system deregulated.

The deregulation saw an explosion of the number of new banks. In 1973, there were sixteen commercial and only three merchant banks. By 1984, there were twenty-seven commercial and eleven merchant banks. By 1987, the total had shot up to forty-seven banks (thirty-two commercial and fifteen merchant banks) and to 121 by 1994. The proliferation of banks sparked fierce competition for deposits, pushing interest rates to abnormally high levels. Finding it difficult to attract deposits, newly established banks relied heavily on the interbank market for funds. Seventy percent of these funds were controlled by about five older commercial banks which secured deposits at very low interest rates from their wide network of branches at about 18 percent. These funds were lent to the merchant banks and other borrowers at about 25 percent at the interbank market. The merchant banks, in turn, lent to their customers at about 33 percent. But at such rates, hardly any business could borrow for investment and make a profit.

The banks gambled, sinking their funds into the highly speculative foreign exchange market and other risky ventures that promised fantastic rates of return. Unfortunately, the gambles did not always pay off. In November 1992, the Central Bank of Nigeria (CBN) declared forty-six banks as "insolvent." Alhaji Abdulkadir Ahmed, the CBN governor, "pinpointed huge debts that are doubtful or bad, fraud and forgeries, boardroom quarrels and inept management" (*West Africa*, February 1–7, 1993; 148). The governor explained further that:

> Most Nigerian banks, especially the state-owned ones, have poor loan portfolios—for state government-owned commercial banks, the proportion of classified loans (bad and doubtful) was 66.3 percent in 1991; while the proportion of privately owned banks was 32 percent, and for merchant banks (all privately owned) the classified loan portfolio was only 27 percent. (ibid.)

By January 1988, Nigeria's Structural Adjustment Program had stalled. The banking system was in total disarray. Financial controls were non-existent or hopelessly ineffective. The money supply registered a staggering 43.9 percent growth, against a ceiling of 15 percent. The rate of inflation accelerated to 45 percent in March 1989, compared to 25 percent in 1988.

Three factors underpin Nigeria's banking crisis. The first culprit was a reckless and runaway government that is accountable to no one. The second has been the autocratic style of monetary policy management by the CBN that added more confusion and panic than calm during turbulent times. The third factor was complete breakdown of the rule of law or the judiciary system which helped spawn a culture of corruption

that tolerated and even condoned egregious scams.

Between 1970 and the early 1980s when oil prices collapsed, over $100 billion in oil money flowed into Nigerian government coffers. The government went on a spending spree. It frittered away the oil bonanza on extravagant investment projects, a new capital at Abuja with a price tag of $25 billion, and highly ambitious Third Development Plan, based upon the false projections of oil output and revenue.

With the fall in oil prices in 1981, export receipts plummeted from $22 billion in 1980 to $10 billion in 1983 and then to $6 billion in 1986. To maintain income and the consumption binge, Nigerian governments borrowed heavily. The country's foreign debts quadrupled from $9 billion in 1980 to $36 billion in 1990.

With external sources of credit drying up, Nigeria's military governments resorted to heavy borrowing from the banking system to finance its profligacy, injecting substantial liquidity into the economy.[22] In 1974, for example, the Central Bank of Nigeria (CBN) loans to the government constituted less than 1 percent of the bank's asset portfolio. By 1986, it had reached 63 percent. Excess liquidity in the banking system has been a constant problem and according to Ralph Osayameh, president of the Chartered Institute of Bankers of Nigeria: "The cause of that is government expenditure" (ibid., 153).

Control of government expenditure was non-existent. Chaos reigned. Laid-down budgetary procedures were flagrantly skirted by top government officials. For example, soon after General Babangida signed a SAP agrement with the IMF in 1986 to rein in extra-budgetary spending and escalating defense expenditures, he formed his own private army (called the National Guards) and showered officers of the Armed Forces with gifts of cars worth half a billion naira. He exempted the military from belt-tightening. In July 1992, his military regime took delivery of twelve Czechoslovakian jet trainers (Aero L-39 Albatros) in a secret deal believed to be part of a larger order made in 1991 and worth more than $90 million. Earlier in 1992, Nigeria had taken delivery of eighty British Vickers Mark 3 tanks, worth more than $225 million.

In 1986, General Babangida established a "dedication account" with 20,000 barrels of oil per day to fund the Liquefied Natural Gas (LNG) project. Earnings from the allocation were paid into a special account with the Midland Bank of London. In 1988, other special accounts were created to fund specific development projects: Stabilization, "Signature Bonus," and Nigerian National Petroleum Corporation (NNPC) accounts. Receipts for the various accounts between 1988 and June 30, 1994, totaled $12.441 billion. But the receipts were never reflected in the federal budget. "The dedication and special accounts were parallel budgets for the presidency and the decision of what projects to be financed was by Babangida alone, depending upon the pressures brought to bear on him by sponsors of specific items" (*Newswatch*, January 16, 1995; 11). The former governor of the CBN, Alhaji Abdulkadir Ahmed, was the only one who, as governor, had the authority to effect payment on the authority of the president. According to *Newswatch*:

> If money from the dedicated account was needed for any undertaking, a note was sent by Ahmed to the CBN's director of foreign operations stating that he should release so many million dollars for such project. It would then be stated that the note should stand as a directive and a receipt for such money. In all cases, the accounts were debited accordingly. The Bank did not request, demand, nor was it given any documentary evidence of the services or projects paid for because these were deemed classified.
>
> In the case of payment of contractors, only certificates of performance were lodged with the bank, and at no time were the original contract documents made available to CBN. It was therefore not possible to check requests for payment against the total value of the contract so as to guard against double payment or inaccurate claims. In a number of cases, there were variations between amounts approved for payments and the actual amount disbursed. (ibid., 12)

Money from these accounts was hardly applied for the purpose for which it was originally intended. For example, out of the dedication account, also according to *Newswatch*, Ahmadu Bello University received $17.90 million for the purchase of television and video equipment; $27.25 million for medical equipment for Aso Rock Clinic; $3.85 million to the army for the purchase of ceremonial uniforms; $323.35 million to the Ministry of Defense; $59.72 million for security; and $25.49 million to defense attaches in Nigerian embassies abroad—all of which bore no relation whatsoever to liquefied natural gas.[23]

From the dedicated account, $5.304 billion was spent between 1988 and 1994, on grandiose investment

projects with little economic viability. The Ajaokuta Steel Plant, which was commissioned in 1979, received $1.473 billion. It has cost more than $3 billion so far, but is not yet fully operational. The Aluminum Smelter Project at Ikot Abasi received $765.45 million. With a cost of $1.2 billion, it is 60 percent more expensive than a comparable project elsewhere in the world.

Improved revenue collection would have helped narrow deficits, but weak administrative capacity and susceptibility to graft and venality limited its prospects. Fraud pervaded customs and other revenue collection agencies. For example, in 1992, the Ministry of Petroleum could not account for some N4 billion (or $1.5 billion) in crude oil sales between 1980 and 1986. Nigerian National Petroleum Corporation (NNPC) was even worse. "Last October, Emmanuel Abisoye, a retired major-general, who headed a panel that looked into the activities of the corporation, discovered that N71.39 billion ($26.77 billion) earned in oil revenue and lodged in several accounts of the NNPC between 1991 and 1993 had been misappropriated. . . . In his report to government, Abisoye observed: 'NNPC does not respect its own budget. NNPC does not respect its own plans. NNPC does not respect constituted authorities'" (ibid., 13).

The probes, "war on corruption," and the vaunted rhetoric of "accountability" by Nigeria's military rulers were all crude oil jokes. "For all the promises of probity, the military elite [has been] as corrupt as any regime that preceded it, taking kickbacks on contracts and diverting government funds" (*Financial Times*, May 22, 1992; 6).

Though Nigeria's industrialization policy began in the mid-1950s, the major state-support system began after 1960, and gained further impetus with the discovery of oil. The industrialization policy, based upon import-substitution, was largely driven by emotional, nationalistic goals. From the colonial period to the early 1960s, most industrial investment was by foreign firms, so that, in 1963, 68 percent of the ownership of large-scale industry was foreign (Fieldhouse 1986, 152). Accordingly, in the 1970s, Nigeria increasingly adopted a policy of "indigenization"—as did many other African countries, such as Ghana, Zaire, and Zimbabwe—and certain sections of the Nigerian economy were reserved exclusively for Nigerians.

The state apparatus was utilized ostensibly to protect Nigerians from foreign exploitation. The First Development Plan (1962–68) called for economic independence and stated that indigenous businessmen should control an increasing portion of the Nigerian economy. The 1963 Immigration Act and the government's 1964 statement on industrial policy, when taken together, were designed to encourage personnel, equity, and local-content indigenization (Biersteker 1987, 71). In 1966, an Expatriate Allocation Board was created in part because of a large influx of Lebanese and Indian merchants engaged in both wholesale and retail sales of textiles goods in the Lagos trading area.

In April 1971, the state acquired 40 percent of the largest commercial banks and the Nigerian National Oil Company (NNOC) was established with the government keeping majority participation. In 1975, the government acquired 55 percent of the petroleum industry and 40 percent of National Insurance Company of Nigeria (NICON). The following year, the acquisition was extended to other insurance companies when the government took 49 percent of their shares. Heavy industry and manufacturing, such as gas liquefaction, iron and steel making, petrochemicals, and fertilizers, were to be held by the state. The Nigerian Enterprise Promotion Decree of 1972 ordered foreign businesses in a number of specified fields to transfer part or all of their equity to private Nigerian investors or businessmen. Twenty-two activities were scheduled to become the preserve of Nigerian nationals, and another thirty-three foreign enterprises were to be excluded from foreign participation unless above a specified size and with at least 40 percent Nigerian ownership of the equity (Fieldhouse 1986, 153).

The restrictions were extended in 1977 to cover both the range of manufacturing and proportion of equity. Nigerians were to hold 40 percent equity in all unlisted enterprises. To achieve this goal, oil money was funneled through state credit agencies to state holding companies and favored individuals. Schemes were started to provide credit and facilities to small-scale Nigerian entrepreneurs. The Approved Manufacturers Scheme, begun in 1955, was expanded to provide industrial estates to would-be manufacturers with little capital.

Although manufacturing output and the number employed in manufacturing did increase, it came at great economic and social cost. Graft, corruption, and political patronage ensured that much of the oil money was frittered away on prestigious projects—motorways, Ajaokuta steel mills, inefficient state enterprises, luxury imports—from aircraft engines to Mer-

cedes Benzes. One business tycoon impatient for the delivery of his Rolls Royce had it air freighted!

Most of Nigeria's state enterprises were triumphs of towering inefficiency, producing well below their installed capacity. For example, if a factory could produce 100,000 electric bulbs a month (its capacity) and produced only 10,000 bulbs, it was utilizing only 10 percent of its capacity.

Now, consider the rate of capacity utilization of a random selection from the central bank's 1992 annual report: Nigerian machine tools, 8 percent; Nigerian paper mill, Jebba, 12.1 percent; Nigerian Newsprint Manufacturing Company, 13.3 percent; Jukura Marble Plant, 1 percent; the Nigerian Sugar Company, an impressive 72 percent. The Nigerian National Paper Manufacturing Company did not make anything at all: "Construction work which started in 1977 was yet to be completed due to lack of funds" (*The Economist*, August 21, 1993; Survey, 9). Two of Nigeria's Airbuses were impounded in 1988 by the French company Sorgema for nonpayment of debt. In March, Aer Lingus of Ireland impounded spare parts, worth about $20 million, which were stored in Dublin, "because of the airline's (Nigeria Airways) failure to pay for the maintenance of its fleet of Boeing 707 aircraft" (*West Africa*, March 20–26, 1989; 454).

Rather strangely, Nigeria chose highly capital-intensive techniques for its state enterprises. Initial estimates placed the capital costs of the Aluminum Smelter at Ikot Abasi in Nigeria at $1.2 billion, making this project 60 percent more costly than comparable projects elsewhere in the world. The government had already expended $450 million by early 1991 (World Bank 1994, 251). Then the Nigerian government built a six-vehicle assembly plant that was largely dependent on imported materials. The range of models produced was so wide that production runs were extremely short; the multiplication of plants also ensured that all operated at very low levels in capacity. As a result, some recorded a negative value-added in manufacturing: just the costs of assembly in Nigeria were in excess of the cost of importing a fully built vehicle from overseas (Chazan et al. 1992, 255).

While riding high on the oil boom, the government of Shehu Shagari decided to build that new capital, previously mentioned, at Abuja, about thirty miles northeast of Lagos, at an "estimated cost of $16 billion." Never mind that millions of Nigerians in the slums of Lagos lacked running water, medical care, and educational facilities. Eventually, the cost of the capital soared to $25 billion—officially. Unofficially, most critics believe it was more than double that.

Ajegunle City, Lagos State, Nigeria

But such frivolous extravagance was not unique to Nigeria alone. President El Hadj Omar Bongo of Gabon, an oil producing country with a foreign debt of $l billion, built a $27 million conference center with a facade of imported Italian marble just in time for the 1977 summit meeting of the Organization of African Unity in the capital of Libreville (*Time*, January 16, 1984; 28).

The rest of the oil money was squandered by corrupt politicians and military bandits in hideous displays of wealth amid appalling poverty and squalor. A World Bank study reckoned that capital flight during the 1980s reached $50 billion. "Over 3,000 Nigerians have Swiss bank accounts," lamented the Christian Association of Nigeria. Army chiefs parked Maseratis and even Lamborghinis outside plush government villas while their children attended expensive schools in Britain.

Thus, in Nigeria, as in Ghana, "the record of public policy as an instrument of economic development was very poor. Industry was extremely inefficient. Agriculture experienced virtually no growth" (Fieldhouse 1986, 159). The increase in national income, occasioned by the higher oil prices and larger volumes of oil exports, was partly absorbed by a state apparatus that was increasingly politicized and linked to private interests and partly squandered on import-substitution industrialization, involving huge investments with little return. In July 1999, the new Nigerian president, Olusegun Obasanjo, announced a new privatization program. He lambasted Nigeria's large public sector, where some of the more than one thou-

sand state-owned enterprises have been losing millions of dollars annually. "State enterprises," he declared, "suffer from fundamental problems of defective capital structure, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption, and crippling complacency" (*UN Recovery,* April 2000; 8).

The supreme irony of Nigeria's economic development is that, despite the flow of substantial oil wealth, the country entered the new millennium with real income per capita about the same as it was at independence in 1960 and heavily burdened by debt. The drop was more dramatic in the 1980s. In 1980, income per capita stood at $1,029—the fifth highest in Sub-Saharan Africa. By 1990, it had dropped to a woeful $266. This sharp decline in economic performance was not due to external economic adversities. As previously mentioned, $100 billion in oil money had gone straight to the Nigerian government between 1970 and the early 1980s. On top of this, Nigeria had borrowed foreign money to the tune of $35 billion—now foreign debt.

Senegal

The posture of Francophone African states after independence was somewhat bizarre and paradoxical. Having won political independence, they yearned for economic sovereignty; yet French commercial influence was dominant and pervasive. In Senegal, Leopold Senghor, who assumed the presidency upon independence in 1960, was socialist-oriented. President Senghor maintained in most essentials an open economy and trade. At the political level, however, his ruling party, Union Progressiste Senegalaise (UPS), "monopolized power, with Senghor, as president, the sole focus of decision-making. The party took control of all organs of government, politicizing the bureaucracy at all levels. The bureaucracy, already large, grew substantially" (Fieldhouse 1986, 213). A substantial portion of state revenue went to feed political and administrative elite grown accustomed to a French standard of living.

Though Senghor's ideological orientation was socialism and "Negritude," there was hardly any direct state involvement in economic life. The state's main economic function consisted in controlling credit and banking. Banque Nationale de Developpement and Union Senegalaise de Banque were established in the 1960s and the state invested in some new industrial ventures, such as the industrial free zone, the naval repair base, a petro-chemical complex, and tourist facilities. The bulk of the industrial enterprises were left to the French.

Senghor supported French international policies in exchange for economic aid, military support, and a favored position for Senegalese products on the French market. Senegal's export economy has always been monoculture: the cultivation of groundnuts. By supporting the price of this commodity above world prices until 1967, France reinforced this overdependence on a single crop and did not help to diversify agriculture. It was in this sector that the state was most directly involved.

Direct state involvement in groundnut production stemmed from the need to free the peasant producer from domination by the largely French trading companies. The French companies had previously marketed more than 50 percent of the groundnut crop, distributed over 75 percent of imported food and manufactures, sold to peasants, and provided much of the credit, along with Lebanese and African middlemen, for the groundnut production system. Although Senegal had no marketing boards, as in Anglophone Africa, a stabilization fund was set up in 1958 to even out fluctuations in market prices. Societies de Prevoyance, an alternative co-operative means of marketing produce, was established with the aim of creating a system of rural co-operatives. Societies de Prevoyance would not only control the buying of the groundnut crop but also dispense credit and disseminate technical knowledge. But to carry out this scheme, a very complex bureaucratic machinery was set up—of course—upon the advice of the ever-indispensable French advisors in Dakar. Thus,

> Control of all sales of groundnuts was vested in an Office de Commercialisation Agricole (OCA), which had a monopoly of buying from the co-operatives and at first the remaining private buyers. OCA would then sell either to the processing companies in Senegal or to importers of groundnuts in France. To promote agricultural improvement, Centres Regionaux de l'Assistance au Developpement (CRADs) were established, provided with finance for credit by the new Banque Senegalaise de Developpement (BSD), later by Banque Nationale de Developpement Senegalaise (BNDS). The co-operatives were supervised by the Service de la Cooperation (SC), part of the Ministry of Rural Economy. (Fieldhouse 1986, 215)

Clearly, the structure was highly bureaucratic and centralized. Bureaucratic incompetence resulted in widespread cases of embezzlement, financial chaos,

shortages of agricultural inputs, food, and trade goods, with wide variations in prices. These reinforced rural economic inequalities and enabled the local co-operative officials to enrich themselves (Samoun 2000, 28). In fact, "The state apparatus became one of direct exploitation of the peasantry. The co-operatives organized the rural world and the state appropriated the surplus" (Cruise O'Brien 1981, 287). Senegalese farmers revolted, threatening the political stability as well as the interests of the civil servants and the French capitalists. To quell the growing revolt, Senegal asked the European Union for a grant to cover the peasantry's debt—a request that was supported by France (ibid.). Groundnut producers did not benefit either from the end of private marketing or the creation of a state monopoly with related development services.

When the Senegalese state opted for industrialization through import substitution, its special relationship with France created a problem. The share of private Senegalese capital in the domestic ownership of industry was a tiny 3 percent (ibid., 224). The preponderance of French- and Lebanese-owned industry made it difficult even for the most enterprising Senegalese to find a niche in industry, except in the "informal sector." Thus, while some modest industrialization and expansion was achieved, it furthered the interests of French companies. Private and public French capital was favored over local private or public investment in the creation of infant industries that were supposed to lead the development of the local economy. A contradiction soon became apparent: they were attempting to achieve economic independence while allowing unrestricted penetration of French capital.

Tanzania

In Tanzania, Nyerere's industrialization and social transformation also achieved little. In 1967, Tanzania's ruling party adopted the Arusha Declaration establishing a socialist state where the workers and peasants controlled and owned the means of production. Banks, insurance companies, and foreign trading companies were nationalized. Nyerere stated as one of his principles of socialism that "it is the responsibility of the state to intervene actively in the economic life of the nation so as to ensure the well being of all the citizens." The state took over all commercial banks, insurance companies, grain mills, and the main import-export firms, and acquired a controlling interest in the major multinational corporation subsidiaries, coffee estates, and the sisal industry. A "villagization" program (Ujamaa) was adopted to encourage the communal production, marketing, and distribution of farm crops.

In 1973, Nyerere undertook his massive resettlement programs to create "communal villages" or Ujamaa. By 1976, some 13 million peasants had been forced into 8,000 co-operative villages, and by the end of the 1970s, about 91 percent of the entire rural population had been moved into government villages (Zinsmeister 1987, 13). It was illegal for the peasants to sell their own produce; they had to buy and sell through government distribution centers, which was in clear violation of traditional African practices.

Between 1967 and 1973, the number of rural villagers who were officially designated as residing in Ujamaa villages increased from one-half million to two million (or an estimated 15 percent of the rural population). However, according to Japheth M. M. Ndaro, director of the Institute of Development Planning at Dodoma, during 1961–70, inhabitants of Dodoma devised and adopted strategies that did not conform to the political slogan of nation-building dominant in the early 1960s. In some parts of the district, the concept of Ujamaa actually stifled local initiative. "All in all, the Arusha Declaration of 1967 and Ujamaa Policy of 1968, which marked an important milestone in the development of the country as a whole, did not inspire the people of Dodoma to engage in development initiatives that were alien to their socio-cultural environment" (Taylor, et al., 1992; 178)

Even worse, forced settlement later proved to be an ecological disaster. UN agencies estimated that about one-third of Tanzania is threatened by desertification due to deforestation, over-grazing, over-cultivation, and population increase because of the government's policy of villagization. Critics say this caused lower farm yields and increased land degradation since families were settled regardless of land fertility or livestock numbers" (*New African*, November 1991; 35).

The agricultural economy was left devastated by state controls. Production of most crops showed a steady decline after 1974. Overall output of food crops rose only 2.1 percent between 1970 and 1982, well below the population growth of 3.5 percent. By 1981, a food crisis had gripped the nation, turning it into a net importer of basic foodstuffs. The country had to import one million tons of grain to avert population starvation. The towns and cities had to be supplied with imports of grain costing an estimated 2,000 million shillings (Libby 1987, 254). In 1971–72, grain

imports were 135,000 tons, including 90,000 tons of maize. In 1972–73, grain imports dropped to 90,000 tons, of which 80,000 tons were maize. However, during the next year from August 1973 to July 1974, Tanzania was forced to import over 500,000 tons of maize alone (African Business, 1979; 21). For eight years (1974–1982), Tanzania's income per capita had remained stagnant at $210 (World Bank 2000a, 35). Exports of agricultural produce were similarly affected, impairing the country's capacity to earn foreign exchange:

> Exports of cotton fell to pre-independent volumes and sisal output was less than a third of its 1961 total. "In the last ten years, the annual cashew exports fell from 140,000 to 30,000 tons. The total tonnage of all export crops was 20 percent less in 1984 than it had been in 1970. Production of basic food crops, such as maize, rice, and wheat, have also declined to half their 1972 levels. And, as could be expected, food imports have doubled. (Zinsmeister 1987, 33)

After the Arusha Declaration of 1967, the Tanzanian state became predominant in all spheres. No role was envisaged for private investors. Within a decade, however, more than half of the 330 state-run enterprises set up by Nyerere had become scandalously inefficient and broke. Tanzania's state enterprises could barely produce. They were characterized by overstaffing and high overheads that perpetuated a costly elitist rule by bureaucrats. The government-run factories operated at 10 to 30 percent of capacity.

For example, the state-owned Morongo Shoe Company (MSC) was financed by the World Bank. Based on abundant supplies of hides and skins, the project was supposed to be a low-technology, economies-of-scale activity that would expand the country's exports. About 80 percent of the shoes were to be shipped to Europe. But when the plant became operational in the 1980s, "MSC achieved just over 5 percent capacity utilization. By 1986, the figure was below 3 percent. Most of the machines were never used, quality and design were abysmal, and unit costs were very high, and the factory was eventually abandoned" (Luke 1995, 154).

Another example is the state brewery that produced the local Safari beer. Production was hideously inefficient and quality control non-existent. A stray cockroach could now and then be spotted in the bottled brew. In 1993, the government sold part of its stake to a South African company.

The entire industrial sector contributed only 8 percent to GNP in 1998. The government sector was hideously over-manned, employing some 75 percent of the formal labor force. The Nyerere socialist failure would have been even more devastating had it not been for the generous external assistance it received.

Between 1978 and 1981, over $3 billion in foreign aid poured into Tanzania. By the early 1980s, foreign charity was paying for over 16 percent of the nation's GNP, including 60 percent of the development budget and more than half of all imports. Still, the economy floundered. *The New York Times* (October 24, 1990) reported that "at first, many Western aid donors, particularly in Scandinavia, gave enthusiastic backing to this socialist experiment, pouring an estimated $10 billion into Tanzania over 20 years. But when Nyerere left the stage, the country's largely agricultural econ-omy was in ruins, with its 26 million people eking out a living on a per capita income of slightly more than $200 a year, one of the lowest in the world" (p. A8).

The *World Development Report 1990* by the World Bank noted that Tanzania's economy contracted an average of 0.5 percent a year between 1965 and 1988. Average personal consumption declined dramatically by 43 percent between 1973 and 1988. Infrastructure crumbled under Nyerere's rule. *The Economist* observed that for all the aid poured into the country, Tanzania only had "pot-holed roads, decaying buildings, cracked pavements, demoralized clinics and universities, and a 1988 income per capita of $160 (lower than at independence in 1961)" to show for it (June 2, 1990; 48). A dilapidated telecommunications system was also a feature of Tanzanian society. The Tan-Zam railway completed by the Chinese operated under low capacity due to lack of railway engines. The Tanzanian Railways Corporation, with support from Canada, operated a rail service on other tracks. But since the tracks are of a different gauge, the engines cannot be used on the Tan-Zam line.

Delivery of social services collapsed under Nyerere's tenure. The Muhimbili Medical Center where the Dar es Salaam University of Medicine is based and which serves as the only referral hospital for all Tanzanians, often had no drugs and was in a state of complete collapse for much of the 1990s. Educational institutions similarly crumbled to such an extent that government officials sought medical care overseas—as was the case with Nyerere himself—and sent their children to foreign schools.

In 1996, Denmark and even Canada suspended aid to Tanzania, citing rampant corruption. Senior government officials and major politicians were brazenly exempting themselves from paying taxes. In 1993, there were over 2,000 such exemptions, costing the treasury $113 million. When corruption first reared its head in the early 1970s, Nyerere set up a Corruption Bureau. But very quickly, bureau officials themselves became corrupt and one of its top officials was himself seen bribing an airline official to secure a ticket for Tanzanian Airways.

Similarly, Zambia under Kaunda, according to the *Washington Post* (September 12 1995), fit the classic-mold of the command economy: "Through companies it controlled, the state ran virtually everything, from the cultivation of maize to baking of bread to mining of copper. Payrolls were heavily padded, with employees receiving housing, cars, and free airfare on the national airline. Even food was subsidized" (p. A12).

Uganda

In Uganda, in contrast to Ghana, there was no ideological basis to statism, nor strident rhetoric about colonialism and imperialist enemies. But there was an enemy nonetheless. As in Nigeria, the enemies were the foreign companies and expatriates. Until 1971, the Ugandan economy enjoyed a fairly robust growth. Gross domestic product grew at 4.8 percent per annum between 1963 and 1970, giving a respectable increase in per capita terms of at least 2 percent. The country also maintained a reasonable saving rate, averaging 13 percent, which permitted the implementation of an ambitious investment program without adverse effects on domestic prices or the balance of payments. Though exports grew slowly, earnings were more than adequate to cover import requirements, leaving a healthy current account surplus on the trade balance in most of the years. Even the government was running a sizable budget surplus during the latter part of the 1960s, which helped finance a significant proportion of development outlays. The turning point came after 1970, when Idi Amin seized power.

In postcolonial Africa, the military became the scourge of Africa and the bane of its development. Africans should note what happens to an economy when the apparatus of the state falls into the hands of reckless military brutes. As the *World Bank Report on Uganda* in 1982 observed:

> From the early 1970s, and especially following the change of government in 1971, the situation deteriorated abruptly. The adverse impact of developments under the military regime on the country's economy is of continuing concern. In particular,
>
> **a.** Many of the country's best administrators, managers, entrepreneurs, bookkeepers, teachers, and traders left the country (including most of the Asian population during the so-called "economic war" of 1972);
>
> **b.** The parastatal sector, which had already been expanded during the early 1970s, became bloated with the addition of numerous abandoned or confiscated industries (others were given to inexperienced private owners). This whole process was undertaken in a haphazard and chaotic manner, with little concern for proper transfer of ownership, compensation, and financial control, and little regard for managerial constraints in the parastatal sector; and
>
> **c.** The administrative system, in both government and the parastatal sector, was increasingly geared to fear and favoritism. Many civil service and parastatals positions were filled by political appointees, and there was little reward for technical competence or scope for open discussion of economic strategy or policies. Fiscal responsibility was virtually non existent, leading to widespread misuse of funds and corruption. (p. 4)

The process actually began with the "Nakivubo Pronouncements" of 1970, in which the state sought 60 percent participation in a number of private industrial, commercial, and financial undertakings. The military regime initially toned down this policy, reducing the participation rate to 49 percent and the number of nationalized companies to seventeen, including banks, one of the oil companies, and some manufacturing and mining companies. But the nationalization drive was revived during the "economic war" of 1972, spearheaded by Idi Amin.

Results of these asinine policies under Amin were stagnation of GDP from 1970 to 1978; a fall in the saving rate to 8 percent, deteriorating infrastructure, and the destruction of productive assets. Many agricultural processing units were closed down and equipment frequently broke down and was not fixed.

A war broke out in late 1978 between Uganda and Tanzania that eventually led to the downfall of Idi Amin. Extensive damage was caused by artillery bombardment around Mbarara and Masaka in the southern part of Uganda. Though the war was brief, military rule took a devastating toll on the Ugandan economy. When the Commonwealth team of experts arrived in Uganda in mid-1979, evidence of destruction and disintegration was everywhere. They found:

- Crops were damaged and livestock killed, either due to the direct impact of military activities or to provide food for the soldiers and marauders;
- Many houses, factories and public building were gutted or partially destroyed, especially around Mbarara and Masaka;
- School supplies, textbooks, and writing materials were looted;
- Food, clothes, and furniture were taken from shops and houses;
- Office records were lost or destroyed;
- Tools and equipment were taken from workshops;
- And thousands of cars and trucks were stolen (*World Bank Report on Uganda*, 1982; 8).

The war in Uganda imposed severe hardships and difficulties. These problems were not by themselves insurmountable and could be overcome with a stronger administration and resource base. But the World Bank mission was not optimistic. As it reported:

> The years of military regime had left the economy short of skilled manpower and foreign exchange, and the administrative system virtually collapsed. With such deep-rooted and pervasive problems, it would have been difficult for any government, with the best of intentions and support, to implement an effective rehabilitation program. In Uganda, where the government has changed four times during the last three years and where the security situation has remained unsettled, it is not surprising that initial progress was slow. (ibid.)

Following the ouster of Idi Amin, international agencies held the first aid donors' meeting in Paris in November 1979 to help successive Ugandan governments rebuild their economy. In June 1981, the IMF agreed to a $197 million standby facility and after the first debt rescheduling in November 1981 at the Paris Club, Uganda came under IMF tutelage. The government of Milton Obote announced an economic recovery program for 1982–84, which concentrated on the main export sectors and pressing social needs. A further program was announced for 1983–1985, which covered more than one hundred projects and gave more emphasis to industry. Unfortunately, Obote began an Idi Aminisque pogrom, sparking a rebel insurgency that led to his ouster by Yoweri Museveni in 1986.

In June 1987, the Museveni regime reached an agreement with the IMF, securing a three-year Special Drawing Rights (SDR) $63.25 million structural adjustment facility.[24] The country began a comprehensive policy and institutional reform program to deregulate the economy, eliminate direct state involvement in most of the public services, institute a major privatization program, reform the civil service, and embark on a public expenditure reform and a decentralization process.

Macroeconomic stability was achieved and maintained in the 1990s. Annual inflation rates dropped from 66 percent in 1986 to 15 percent in 1993 and below 5 percent per year for most of the second half of the 1990s. Interest rates fell from 240 percent in 1986 to 15 percent in 1993. Average income per capita rose from $200 in 1990 to $330 in 2000, a 65 percent increase. There was a significant reduction in the incidence of poverty from 56 percent of the total population in the 1992 to 35 percent in 2000. Between 1994 and 1997 Uganda posted a real GDP growth rate of 8 percent, the highest in Africa. In response to its reforms and performance, foreign aid poured in, amounting in 2000 to some 53 percent of the total government budget, or 13 percent of GDP. Uganda's macroeconomic performance showed an average real growth rate close to 7 percent per year, leading the Bank to declare Uganda as an economic success story in 1998.

Uganda was one of the few African countries willing to embrace the stringent Structural Adjustment Programs which the World Bank deemed vital to restoring fiscal discipline and monetary stability, and it was an important advocate for the World Bank's programs in Africa. Between 1987 and 2003, the World Bank provided an estimated $790 million in adjustment support, in addition to an estimated $1 billion in project support in the agriculture, infrastructure, and social sectors. However, the World Bank mission sent to Uganda in 1998 reported "widespread accusations of non-transparency, insider dealings and corruption," involving President Museveni's own brother, Major General Salim Saleh (World Bank 1998).

Cases of large-scale embezzlement documented in the World Bank report included the stealing of donor funds disbursed to the ministries of Health and Education and to the Ugandan Electoral Commission, as well as funds disbursed to projects aimed at helping alleviate poverty, but which were embezzled and never benefited the intended poor. The World Bank report specifically targeted Vice President Wandira Kazibwe, whose office was being investigated for the

loss of 3.4 billion Ugandan shillings in a valley dam scheme which was paid for, but never constructed.

President Museveni himself, together with the presidents of Rwanda and Burundi, were directly accused by a United Nations panel of taking advantage of the civil war in the Democratic Republic of Congo and engaging in systematic plunder of the country's mineral resources. The United Nations Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of Congo was set up in June 2000 and headed by Madam Safiatou Ba-N'Daw (from Ivory Coast).

Its report, released in mid-April 2001, found "mass-scale looting" of stockpiled minerals, coffee, timber, livestock, and money by the armies of Rwanda, Uganda, and Burundi. Military and government officials then export the diamonds, gold, and a composite mineral called coltan to line their own pockets and enrich a network of shell companies owned by well-connected associates. The panel said between September 1998 and August 1999, the occupied zones of Congo were drained of existing stockpiles of minerals, agricultural, and forest products, including livestock. "Regardless of the looter, the pattern was the same. Burundian, Rwandan, Ugandan, and/or Rally for Congolese Democracy (RCD) soldiers, commanded by an officer, visited farms, storage facilities, factories, banks, and demanded that the managers open the coffers and doors. The soldiers were then ordered to remove the relevant products and load them into vehicles" (*New African*, June 2001; 4). When resource stockpiles were looted and exhausted by occupying forces and their allies, the exploitation evolved to an active extraction phase. The looting was facilitated by the administrative structures established by Uganda and Rwanda.

According to the panel, "The Central Bank of Uganda has reportedly acknowledged to IMF officials that the volume of Ugandan gold exports does not reflect [the] country's production levels but rather that some exports might be 'leaking over the borders' from Congo. The Central Bank reported that, by September 1997, Uganda had exported gold valued at \$105m, compared with \$60m in 1996 and \$23m in 1995" (*New African*, June 2001; 4). But the panel found Uganda's exports "suspicious" for many reasons: "(a) Uganda has no known diamond production; (b) Diamond exports from Uganda [began] only in the last few years, totaling \$3 million, coinciding surprisingly with the occupation of eastern Congo; and (c) the need [for Uganda] to control the rich diamond zone near Kisangani and Banalia." Uganda has also become an exporter of niobium, another mineral similar to coltan, but the panel says Uganda had "no production [of niobium] prior to 1997," coinciding with its presence in Congo.

The panel contended that Rwandan authorities themselves admitted that the country "has no production of diamond, cobalt, zinc, manganese, and uranium. Yet Rwanda has been exporting diamonds." Rwanda's production figures, according to the report, displayed some irregular patterns for gold and coltan starting in 1997. Rwanda took in at least \$250 million in eighteen months by exporting Congolese coltan (*Washington Post,* May 2, 2001; A18).

"Key individual actors including top army commanders and businessmen on the one hand, and government structures on the other, have been the engines of this systematic and systemic exploitation," said the report. President Yoweri Museveni of Uganda and Paul Kagame of Rwanda are, at the very least, politically involved, according to the panel of experts, which spent close to seven months in the region. The report, written by five experts, goes so far as to say the two leaders "are on the verge of becoming godfathers of the illegal exploitation of natural resources and the continuation of the conflict" (*The Washington Times*, April 17, 2001; A13).

On December 19, 2005, the International Court of Justice, the United Nation's highest court, ruled that Uganda's invasion of the Congo was unlawful and that Uganda must pay reparations for the plundering of Congo's mineral resources:

> The courts held Uganda responsible for killing, torture, and cruel treatment of civilians in Congo and called the invasion an "unlawful military intervention."
>
> The court dismissed Uganda's claims of self-defense and, in a 16-1 ruling, denounced the Ugandan military for deploying child soldiers and inciting ethnic conflict as it rampaged through Congo's Ituri's province from August 1998 to July 1999.
>
> Although Uganda was primarily responsible, all sides were to blame for the "immense suffering of the Congolese people," the ruling said.
>
> A separate case brought by Congo against Rwanda is still pending at the world court. Congo withdrew its claims against Burundi after the two countries reached a settlement. The court also ruled that Congo must compensate Uganda for the destruction of the Ugan-

> dan Embassy in Kinshasa and for the mistreatment of its diplomats." (*The Washington Times*, December 22, 2005; A16)

Congo's Information Minister, Henri Mova-Sakanyi estimated damages from Uganda's invasion at $10 billion.

Zaire (now DR Congo)

Zaire's economic crisis emerged in 1974 and for four straight years its gross national product contracted by 16.8 percent. The worst year of the crisis was in 1978 when output was 17 percent below the level of 1974; the manufacturing sector was operating at about 40 percent of capacity; inflation rate (December 1977 to December 1978) averaged l00 percent; real wages and salaries were at one fourth of the 1970 levels; and malnutrition was on the rise.

While external factors, such as the depressed level of copper prices and the closing of the Benguela Railway in November 1975, played a role, the principal causes of the crisis were internal: the heavy external borrowing, hastily conceived and poorly implemented experiments of Zairianization and "radicalization," deficiencies in management of the economy, misallocation of the country's resources, and the pervasiveness of corruption.

By far, however, the most significant factor in the causation of the Zairian crisis was the Zairianization or nationalization measures of 1973–74. It needs to be borne in mind that, around this time, Nigeria and Ghana were also pursuing the same "indigenization" programs. (See, for example, Nigeria's Indigenization Decree of 1972 and Busia's Ghanaianization Law of 1970.)

In Zaire, the state took over a wide variety of businesses, including the small trading and transport firms, which constituted the lifeline of the rural areas. In manufacturing, however, the impact of Zairianization was somewhat mitigated by the fact that the state did not take over the large firms but restricted their retail outlets. As the World Bank Mission to Zaire in 1979 reported:

> Zairianization led in many instances to the destruction or dispersion of the capital stock, as many plantations were abandoned by the new owners after selling their newly acquired assets (trucks and other movable equipment); it disrupted marketing by causing an exodus of small expatriate intermediaries who traditionally played a vital role in the distribution of inputs and consumer goods as well as in the collection and commercialization of farm output. To take one example, the decline in palm oil production of about 30 percent between 1974 and 1978 is attributable in part to the negative effects that Zairianization had on the output of small plantations, which had been significant as a group. (Report on Zaire, 15)

The brunt of the nationalization measures were borne by the manufacturing sector, including agro industry. Sixty-two firms in eleven of twelve manufacturing sector branches—which accounted for about two-thirds of total sector sales—were nationalized. A large number of firms in the commercial and construction sectors were also affected. Although nationalization had a widely varying impact on individual enterprises, it produced a generalized effect on the working environment by causing a progressive attrition of expatriate managerial and technical staff, abrupt changes in commercial (supplier–client) relationships, and severed or significantly altered relations with former foreign parent companies.

The World Bank (1979) concluded that:

> The most adverse effects of the Zairianization/nationalization measures, however, were perhaps the neglect of maintenance and repair, the discouragement of private investment by either foreigners or nationals, and pervasive financial mismanagement. This has been widely recognized by the Zairian authorities; nationalization was a reaction to the failure of Zairianization; and retrocession a reaction to the failure of nationalization." (ibid.)

Living standards deteriorated. Income per capita dropped from $210 at the time of independence to $160 in 1988 (World Bank, *World Development Report, 1988*). A 1980 official Trade Union Enquiry revealed that 1,061 *zaires* (about $235) a month were needed for a diet that would barely keep the body and soul together for a typical urban family. The average wage in June 1981 was 23 zaires per month, which was worthless in the face of inflation raging at 85 percent. Even the professional class was suffering. Medical doctors, for example, were getting between 500 and 800 zaires a month in 1982.

Social conditions were deteriorating alarmingly. At Mama Yemo General Hospital (named for Mobutu's mother) unattended patients were dying because there were no bandages, no sterilization equipment, no oxygen, and no film for x-ray machines. The dead often remained in the intensive care unit for hours

before being removed because there was no room for extra bodies in the morgue (Lamb, 1985). One third of infants died before the age of five.

Health clinics at university campuses in Kinshasa and Lumumbashi had to shut down because the medicines intended for use there had been diverted to the black markets. Agricultural produce destined for market often rotted on the ground because the transportation system had broken down. The government news agency closed down for lack of paper, and two of Air Zaire's planes (a Boeing 747 and a Douglas DC 10) were repossessed. What happened?

Part of the suffering of Zairians emanated from the collapse of the copper market in the late 1970s and early 1980s. Copper, which accounts for some 60 percent of Zaire's foreign exchange earnings, experienced overcapacity and increasing competition from optical fibers (which can replace copper in some applications, such as underground telephone cables). Another part of Zaire's woes stemmed from the civil war that raged through the Shaba province in 1977 and 1978. But the predominant cause was the egregious system of government instituted in Zaire: kleptocracy—government by armed looters.

Presiding over an empire of graft and venality, President Mobutu himself boasted on the TV program CBS *60 Minutes* in 1984, that he was the second richest man in the whole world. Together with his close family and friends, Mobutu owned more than twenty-six expensive properties including a thirty-two room mansion in Switzerland, a sixteenth-century castle in Spain, a huge vineyard in Portugal, and an estate in the Ivory Coast. At home, he had eleven palaces, including one on the northern border in his ancestral village of Gbadolite, known as the Versailles in the Jungle, where liveried waiters serve pickled quail tongues and chilled French wines.

The top group that ruled Zaire, the Gang of Five, were: Mobutu; Litho Moboti, his uncle; Seti Yale, his security adviser; General Bolozi Gbudu, head of military intelligence (and married to two of Mobutu's relations); and Moleka Liboko, his nephew and a businessman. They all came from two clans originating from Mobutu's father's village, Gbandolite (the Gbande tribe) on the northern Ubangi River in Equateur province.

Zaire in the late 1970s was receiving nearly half of all the aid money the Jimmy Carter administration allocated for black Africa. But that aid failed to improve conditions. "Of every dollar coming into Zaire, whether in the form of foreign aid or a business contract, Zairian officials reportedly took twenty cents off for their personal cut. In 1977, Zaire's coffee crop was valued at $400 million. Only $120 million made it to Zaire's treasury" (Lamb, 1985). Meanwhile, Mobutu strutted about the world stage while his African people starved. Slowly but steadily, Zairians watched helplessly as their hopes and future were squandered by the Gang of Five.

In 1997, Zaire imploded. President-for-Life Mobutu Sese Seko was driven out of office by a rebel insurgency led by Laurent Kabila. Mobutu died in exile in Morocco. But as Africans would say: "We struggle very hard to remove one cockroach from power and the next rat comes to do the same thing! Haba!" A year and half later, Kabila faced a rebel insurgency himself—just like Charles Taylor of Liberia, who himself led an insurgency to remove General Samuel Doe from office. The insurgency against Kabila (1999–2003) drew in the armies of Angola, Namibia, Chad, and Zimbabwe, supporting the Kabila government; and the armies of Uganda and Rwanda, supporting the rebels. This plunged Zaire (now the Democratic Republic of the Congo) into yet another orgy of violence and war that claimed more than 6.5 million lives by 2013.

Zimbabwe

Upon independence in 1980, President Robert Mugabe openly stated his determination to make Zimbabwe a one-party nation and his Zimbabwe African National Union (ZANU) party "a truly Marxist–Leninist party to ensure the charting of an irreversible social course and create a socialist ideology." Indeed, in December 1982, all fifty-seven ministers and deputy ministers in Mugabe's cabinet arrived at the Harare airport to greet visiting Ethiopian leader Mengistu Haile Mariam—black Africa's arch-apostle of Marxism–Leninism. Inheriting an economy that was hobbled by racial inequalities under the former white-minority regime, there was a strong need to correct injustices committed by white colonialists.

At independence, Zimbabwe had the most broad-based economy in Africa. It had an iron and steel industry and a diversified industrial infrastructure, which was meticulously built by the racist Ian Smith regime to ensure self-sufficiency after the imposition of sanctions following the Unilateral Declaration of Independence (UDI) from Britain in 1965. Its mining, chemical, and construction industries were

relatively advanced technologically. But ownership and control of industries and the economy lay in the hands of white settlers.

After independence, Mugabe did not embark upon any program of wholesale expropriation and nationalization. In December 1982, the Mugabe government introduced a Transitional National Development Plan 1982–83 to 1984–85. The strategy was for growth, equity, and transformation. The private sector, dominated by white settlers, was to continue to function but with increased state control and participation. For example, shortly after independence in 1980, the Zimbabwe Mass Media Trust was set up to buy out the country's five main newspapers. Mugabe argued that the newspapers were owned by the South African Argus newspaper group and that the news was racially biased. Nathan Shamuyarira, minister of information, declared that the purchase was motivated with a "view to getting the right news through to the consumer." Who could challenge that objective? But as in Nkrumah's Ghana, each repressive measure in Zimbabwe was dressed in either anticolonialist or antiracist garb. In 1981 the editor of the *Umtali Post* was dismissed on Mugabe's order after she raised questions about the presence of North Korean military instructors in the country. Nor could journalists or even members of Parliament investigate allegations of corruption in high echelons of the government.

As elsewhere in Africa, the socialism introduced by Mugabe was of the "Swiss bank" variety that allowed him and a brigade of kleptocrats to rape and plunder the treasury for deposit in overseas bank accounts. It became evident that Mugabe and his lieutenants were a determined bunch of bandits who had wrapped themselves in socialist garb. Less than two years after independence, a wave of corruption scandals began to sweep the country. For example, at the Ministry of Education, phantom teachers were added to the government payroll, and their salaries were collected by teachers already on the payroll. *New African* (December 1987) reported the extent of the corruption:

> Civil servants at all levels, workers in parastatals and private organizations and bank tellers have been appearing in court with monotonous regularity for dipping their hands in the kitty. Government critics point fingers at the leadership of the country for the malaise saying that a lot of Ministers are the ones, who, through their "get rich quick" tendencies started the "each one for himself and God for us all" survival syndrome. The critics point to the massive wealth which many Ministers have amassed in the seven short years of independence. It is a common secret that several leaders have thrown the country's avowed policy of socialism to the winds and have used their positions to acquire wealth in the form of hotels, houses for rent, ranches, farms, buses and stores. (p. 58)

As early as 1982, Edgar Tekere, a maverick and also a nationalist who fought alongside Mugabe for Zimbabwe's independence, decided to fight against this incipient "Swiss bank" socialism. He declared: "We all came from Mozambique with nothing; not even a teaspoon. But today, in less than two years, you hear that so and so owns so many farms, a chain of hotels, and his father owns a fleet of buses. Where did all that money come from in such a short period? Isn't it from the very public funds they are entrusted to administer?" (*New African*, March 1989; 21) University students also protested, saying that Zimbabwe's revolutionary heroes had been betrayed by corrupt and ideologically bankrupt leaders (*New African*, December 1988; 23).

According to *The Zimbabwe Independent* (April 27, 1999):

> The 1999 Zimbabwe Human Development Report (funded by the UN Development Program) is eloquent on the straits to which the Mugabe regime has reduced Zimbabwe, hitherto one of Africa's richest and most developed countries. Per capita income has fallen back to what it was a generation or more ago and the grotesque appropriation of wealth by the governing elite—every minister is rich and most are at least US dollar millionaires—has produced one of the most unequal societies in the world. Poverty is increasing rapidly: 61 percent of the population is now below the poverty line. Zimbabweans are now suffering rapid declines in health and life expectancy. (p. 22)

The myriad of state controls and regulations imposed by the Mugabe regime created a gold mine of opportunities for illicit enrichment by government bureaucrats and cronies. State controls create artificial shortages and rent-seeking activities. In the early 1980s, such an activity erupted into a scandal that drew much attention.

At that time, Zimbabwe had only one car assembly plant, Willowvalle Motor Industries in Harare. Owing to a shortage of foreign exchange created by a combination of import, export, and exchange controls as well as the refusal of Mugabe to deal with apartheid South Africa, a chronic shortage of vehicles developed. Ration coupons or "chits" were issued by the govern-

ment to allocate scarce vehicles. But some government officials used their positions to gain access to an inordinate number of chits. They then used their excessive allocation of chits to purchase automobiles and later resold them on the black market at three times their purchase price—kalabule in Ghana.

Mugabe's statist Marxist–Leninist policies failed to improve the lot of the people, whose economic welfare progressively deteriorated. By 1989, people were already fed up with Mugabe. On Africa Day, "only about 8,000 people went to listen to President Mugabe deliver a speech at Rufaro Stadium in Harare. Within hours after the stadium was cleared, 40,000 people paid to watch soccer at the same stadium. . . . People have reasons to be apathetic. They complain of high taxation, unemployment, corruption among government and party officials, and price hikes" (*New African,* December 1989; 20).

The economy declined progressively. Corn production dropped sharply from 2 million tons in 1981 to 620,000 in 1983. Zimbabwe, once a food exporter, was rapidly becoming a food importer. Shortages of commodities and foreign exchange were becoming rampant. "The cost of living has risen astronomically since independence in 1980. Inflation is running around 20 percent per annum and most people are having to dig deeper into their pockets to survive" (*New African*, December 1987; 58). The unemployment rate was 50 percent in the urban job market in 1989 and corruption was increasing. By 1999, things had gotten progressively worse.

According to *The Zimbabwe Independent* (April 27, 1999):

> There is no mealie meal B, the staple diet B in the shops, apparently because of foul-ups by the government marketing board. Every day the government promises that mealie meal will soon be in the shops. Meanwhile bread, rice, potatoes and other substitutes are also sold out. Inflation is running at 47 percent and shopkeepers, unsure what will happen to the currency next or that today's takings will buy tomorrow's supplies, often opt for pre-emptive price increases. With interest rates at 55 percent, car sales have halved (causing job losses in the country's Mazda assembly plant) and the property market has frozen solid. (p. 25)

By 1999, the Zimbabwean state had effectively ceased to function. Desperate for revenue, the government not only imposed stiff hospital fees that many could not afford but also sacked all the nurses. Of the country's sixteen district hospitals, five were still lying idle in 1999, two years after being built, due to lack of medical staff. The parastatal oil company, NOCZIM, looted by its managers, ran up a debt of Z$4 billion. In 1999, the department of social welfare announced that it lacked transport to ship grain to 54,000 starving families in the Guruve district. "No-bid government contracts, such as the one to renovate Harare's international airport, were awarded to Mugabe's nephew and other relatives" (*Washington Post*, May 5, 2000; A23).

In 1990, subsidies to Zimbabwe's parastatals amounted to 6.9 percent of total recurrent expenditure or 34.5 percent of the budget deficit. This was aggravated by a phenomenal expansion of the civil service (bureaucracy) after independence in 1980. There were 62,035 total civil servants in 1980; in 1989 the total came to 181,402 (Five-Year Development Plan, 1990–1995).

The state-owned Air Zimbabwe was long plagued by Mugabe's habit of commandeering its planes and kicking off passengers whenever he wanted to go on one of his frequent trips with his wife, Grace. Her enormous mansion in Borrowdale was built on land bought from the state for less than a seventh of its commercial value (*The Zimbabwe Independent*, April 27, 1999; 25).

Zimbabwe Mining Development Corporation (ZMDC) was set up through an act of Parliament of 1982 to develop mines owned by the state. It was hoped that the parastatal would grow its portfolio, generate foreign exchange, and create jobs. Given that the mining sector accounted for about 5 percent of the gross domestic product (GDP), it was assumed that state participation in the industry was only logical and strategic. But ZMDC never lived up to expectations. According to the state-owned *The Herald* (January 22, 2003),

> Its holdings shrank from over 10 mines to the three in 2003: Elvington Mine, Sabi Gold Mine and Jena Mines, which were bought from Trillion Resources of Canada. Two of ZMDC's flagships, Kamativi Tin Mine and Mhangura Copper Mines (MCM) closed in 1994 and 2001 respectively. ZMDC has also disposed of Bar 20 to Forbes and Thompson mines and is no longer operating Merits Limited, Peneast Mining Company and KY Refractories.

The situation at the remaining mines became precarious. Sabi ceased operations and teetered on the verge of collapse. It owed Trust Bank $618 million and required at least Z$1.2 billion to pay off the debt and exploit the mineral resources at the mine.

Workers at ZMDC alleged that management had been left to run down the parastatal. They cited favoritism and profligacy as contributory factors to the poor performance of ZMDC. But ZMDC chief executive Isaiah Ruzengwe denied the allegations: "None of ZMDC mines were closed because of mismanagement. In fact, a government institution can never be closed because of mismanagement because Government will act to remove that management and replace it and examples are galore in Zimbabwe" (*The Herald*, January 22, 2003). The chief executive perhaps needed brain surgery.

According to *The Zimbabwe Independent*, (April 27, 1999):

> Given the government's spendthrift ways, its steady refusal to slim down the bloated patronage state administration and the elite's determination to steal everything that is not nailed down and quite a bit that is, the result has been to deliver Zimbabwe into the hands of the IMF/World Bank. Ministers bilk on whatever bills they can, the infrastructure falls to bits before one's eyes and the state searches ever more desperately for revenue. School fees have been pushed up to the point where many parents are having to take their children out of school and illiteracy is increasing for the first time in a century. (p. 25)

In the late 1990s, the country was rocked by a wave of strikes by workers, nurses, and teachers to protest rising food and fuel price hikes. In 1998, even doctors went on strike to protest shortages of such basic supplies as soap and painkillers. And while the urban poor were rioting about food prices, the Mugabe government ordered a fleet of new Mercedes cars for the fifty-odd cabinet ministers while seventy-seven-year-old Mugabe himself and his thirty-six-year-old wife, Grace, attended lavish parties and conferences abroad. In 1999, President Mugabe further angered voters by tripling and quadrupling salaries of his ministers.

As mentioned, rampant shortages of basic commodities—such as mealie meal, the national staple diet, bread, rice, potatoes, cooking oil, and even soap—kept inflation raging at more than 110 percent. "Zimbabwe's gross domestic product dropped from US$8.4 billion in 1997 to about US$5 billion in 2001, a fall of around 40 per cent" (*The Times of London Online*, March 6, 2002). With the flight of investors and closure of businesses due to attacks by militants—more than thirty businesses were attacked in May 2001 alone—jobs became scarce, pushing Zimbabwe's unemployment to nearly 60 percent. In 2000, four hundred companies closed and some 9,600 jobs were lost.

The state treasury stood empty, pillaged by kamikaze kleptocrats and drained at the rate of $3 million per week by some estimates by a mercenary involvement in Congo's war (*Washington Post*, March 3, 2002; A20). Cabinet ministers, army generals, relatives of President Mugabe, prominent figures in the ruling party, and a score of well-connected individuals launched lucrative business ventures to plunder Congo's rich resources: diamonds, cobalt, and gold. Plunder of Congo's mineral riches and lucrative deals kept Zimbabwe's army generals fat and happy. Accordingly, commander of the defense forces, General Vitalis Zvinavashe, warned in February 2002 that the country's military, police, and intelligence chiefs would not accept a "Morgan Tsvangirai" as a national leader if he won the March 9 election since he was not a veteran of Zimbabwe's independence struggle.

Mugabe angrily rejected the criticism of those who blamed the government for Zimbabwe's economic crisis. It was, he said, the fault of greedy Western powers, the IMF, the Asian financial crisis, and the drought (*Zimbabwe Independent* April 27, 1999; 26). Naturally. But Zimbabwean voters knew better. When Mugabe asked them in a February 15, 2000, referendum for draconian emergency powers to seize white farms for distribution to landless peasants, they resoundingly rejected the constitutional revisions by 55 percent to 45 percent. Paranoid and desperate, Mugabe played his trump card. He sent his "war veterans" to seize white commercial farmland anyway. That intimidation tactic ruined Zimbabwe's agriculture and did little to save Zimbabwe's collapsing state-owned corporations, which were parceled out to "comrades" to manage.

Of particular significance was the National Railways of Zimbabwe (NRZ) which needed over $2 billion for rehabilitation.

> Not only had it recorded a loss before tax of over $60 million with low capacity utilization, high overheads, and operational inefficiencies, its workers went unpaid for more than six months while management, led by the late Retired Air Commodore Mike Karakadzai, continued to receive their salaries and allowances.
>
> Needless to say, Mugabe rewarded Karakadzai with national hero status when he died in 2013 and promised to continue deploying to parastatals people like him because "men and women with the correct political ideology and military prowess such as Comrade Karakadzai formed the backbone of our defence forces at Independence."

> Meanwhile, workers are yet to receive their salaries and most of the trains no longer operate as the NRZ continues on its downward spiral.
>
> Other parastatals such as state broadcaster ZBC and the Public Service Medical Aid Society (Psmas) subsequently hit the headlines for paying former chief executive officers Happison Muchechetere and Cuthbert Dube "obscene" salaries while ordinary workers went months without pay. Psmas CEO Dube was getting a basic salary of $230,000 per month, but over $500,000, including benefits. On the other hand, Muchechetere was raking in about $40,000 per month, excluding fuel and other benefits, while workers at the insolvent broadcaster were unpaid for seven months. (*The Zimbabwe Independent,* June 5, 2015)

Why the Statist/Socialist Model Failed in Africa

Africa's disastrous postcolonial economic record provides overwhelming evidence that the state-controlled socialist economic model can never be used to develop Africa successfully. First, the inherent superiority of the statist model has not been proven convincingly in any part of the Third World. State-run companies or corporations are seldom run efficiently anywhere—even in the First World. Such was the case of Japan National Oil Corporation (JNOC). According to *The Wall Street Journal* (March 9, 2005):

> Japan's quest for overseas energy sources was long run by powerful bureaucrats who operated with little transparency or outside accountability. In four decades, they mostly found hundreds of dry oil and natural gas wells—and billions of dollars in red ink. . . .
>
> Now, as the rise of China, India, and other countries heats up global competition for fossil fuels, Japan is hoping to get better results by relying more on market discipline. In a major policy shift, Tokyo is disbanding its state-run company and shifting its support to a commercially run company that Japan hopes can better compete with foreign oil titans.
>
> "There has been a large mentality change in Japan," says Paul Bernard, head of Asian energy research in Hong Kong for Goldman Sachs Groups Inc. "The government realized it just has no business being in the petroleum exploration business."
>
> As its new national champion, Japan has anointed Inpex Corp., a state-owned exploration company created by the government in 1966 to drill for oil and natural gas in Indonesia. To assume its new role, Inpex is being restructured to act more like a private company. In November 2004, the Tokyo-based company was listed on the Tokyo Stock Exchange, when the government reduced its stake to 30 percent from more than half. . . . The government has sold Inpex some of the most prized assets of its failed bureaucrat-run predecessor, Japan National Oil Corp., or JNOC. . . . JNOC is scheduled to be disbanded by March 2005, with 720 billion yen ($6.84 billion) in losses. In 38 years of operation, less than one-quarter of its more than 300 exploration projects ever found profitable quantities of oil and gas.
>
> The abysmal record made it an easy target for Prime Minister Junichiro Koizumi, who since taking power four years ago has vowed to shrink the size of government and rely more on the private sector. Reformers hope a more market-based approach will prove more effective, and less costly, in securing energy sources. . . .
>
> In its search for a national oil champion, Japan may have picked a winner in Inpex. The company is widely praised by analysts for being well run, a legacy of having been managed as a for-profit company since its creation. (p. A19)

Second, even if such a model can be adjudged superior, Africa lacks the necessary supporting inputs to make the model work: an efficient administrative machinery, honest and dedicated civil servants, as well as an effective communications network. Africa lacks all these. Third, the statist/socialist model benefited only the ruling elites. Only they rode about in Mercedes Benzes. Only they purchased commodities at government-controlled prices. Only they had access to government-subsidized housing. Even their funerals were paid for by the government. But there were also more practical reasons why statism failed miserably in Africa.

Multiple Economic Objectives

Development under the direction of the state (dirigisme) led to the establishment of many state enterprises under hastily drawn industrialization programs which were intended to achieve a multiplicity of objectives, some of which were noneconomic and contradictory. To compound the problem, many of the goals were nebulous. Nkrumah's Seven-Year Development Plan, for example, had more than thirteen objectives, ranging from attaining economic independence, social justice, and African unity to "breaking the stranglehold of neocolonialism." Some state enterprises were expected to turn a profit and at the same time generate employment. But since many stood as shining pieces of "modern development," they were subjected

to all kinds of political interference. Many were overstaffed with political functionaries and cronies. In some African countries, state controls and public enterprises were expected to check the activities of foreigners and multinational corporations. Some state enterprises were supposed to earn or save the country foreign exchange.

In many places in Africa, foreigners and foreign companies were quite productive. This was especially the case of Lebanese in West Africa; Asians in Uganda, Kenya, and other East African countries; and Belgians in Zaire. When Idi Amin expelled the Asian merchants in the mid-1970s, and Zaire expelled foreign nationals and seized their companies, as well as their property, the GNP in both countries suffered severely. In 1972, Idi Amin nationalized British investments worth more than £250 million and expelled all 50,000 Asians, confiscating assets worth more than £500 million, which he distributed to his cronies. The economy collapsed. Exports of sugar, coffee, and tea slumped, as peasant farmers resorted to smuggling to escape confiscatory taxes from Amin's rapacious gang. By the time Amin was kicked out by Tanzanian soldiers in 1979, average incomes in Uganda were 40 percent lower than in 1971, when he seized power.

President Yoweri Museveni invited the Asians back and offered to return about 40 percent of their assets confiscated by Amin. The result? According to *The Economist* (August 23, 2003), "Uganda is one of only a handful of African states to have seen a substantial reversal of the flight of capital and skills. Asians, 15,000 of whom now live in Uganda, have invested an estimated $1 billion in the last decade or so" (p. 37).

There have been cases upon cases where an African government has nationalized a foreign-owned company, only to mismanage it. Consider, for example, two documented cases from Ghana. In 1976, the government of Ghana took over R. T. Briscoe, a foreign company. "Before the takeover, the company was producing 241 buses in 1974. After the takeover, production was 12 buses in 1977 and only 6 buses in 1978" (*Daily Graphic*, January 18, 1979; 5). Four years earlier, in 1972, the government of Ghana had also taken over the African Timber and Plywood Company, a private company. The results were the same. Before the takeover, "production was 75 percent of installed capacity but this has fallen to a woeful 13 percent" (*West Africa*, October 12, 1981; 2422).

Economic progress suffers whenever an activity is transferred by the state from productive into unproductive and inefficient hands. Even the so-called "backward and illiterate" chiefs recognized this:

> Nana Kwadwo Bosea Gyinantwi IV, Omanhene of Drobo Traditional Area, called on the government to allow foreign firms like UAC (Ghana Ltd), G. B. Ollivant, and Cadbury and Fry with longstanding experience in the cocoa industry to purchase and evacuate cocoa produce because the [state-owned] CMB and its agencies have proved incapable of handling the industry alone.
>
> He said since many expatriate companies in the country had in the past dealt with the cocoa industry with precision, there was no point in saddling the CMB with a load it could not carry. (*Daily Graphic*, September 21, 1981; 5)

Occasionally, xenophobic hysteria erupts over the employment of foreigners, but such scapegoating has been counterproductive. In July 2004, President Olusegun Obasanjo invited about two hundred white farmers, whose farmlands had been violently seized by the Mugabe regime in Zimbabwe, to resettle in Kwara state. Bukola Saraki, the governor of the state, said: "When we found oil [in the Niger delta], we didn't ask people in southern Nigeria to look for shovels to dig for it. We brought in foreigners with expertise. Our land is an asset that is not being utilized. The only way to do that is to bring in people with the necessary skills" (*The Washington Times*, July 18, 2004; A6). In this case, while white Zimbabwean farmers should be welcome in Nigeria, unfortunately—as we shall argue in Chapter 10—the governor erred by abandoning his state's peasant farmers. Foreign expertise should augment, not replace, the local expertise. In March 2007, this same governor declared that he is worth $2 billion!

> In the CCB [Code of Conduct Bureau] filings, the young governor declared that he owned properties in the UK worth 2.9 million pounds and in the US worth $4 million respectively, his assets as declared in the assets declaration forms obtained by Saharareporters are worth $2 billion. (www.saharareporters.com; March 1, 2007)

Pragmatism ought to rule. The issue is not whether Africans are "inferior" or "unqualified" or the expatriate "superior" and more "qualified." Rather, it is a question of getting the job done in an establishment. If an African cannot do it, he should be fired, just as the expatriate should. At the same time, however, it would be unwise to insert expatriates in certain areas; for example, peasant agriculture. The hysteria about the employment of expatriates obfuscates the issue and plays into the hands of incompetent African officials.

The disbarment of foreign nationals provided many African governments with the rationale to create employment for their nationals and party supporters. Africa's state sector became hopelessly overstaffed. More than 20 percent of Ghana's civil service was declared redundant in 1984 by the secretary of finance (*West Africa,* January 27, 1986; 1607). In fact, Ghana's state owned shipping line, the Black Star Line, had so many redundant employees that 254 were paid for three years (1981–84) to simply stay home! (*West Africa*, August 6, 1984; 1607).

Back in 1966, a bamboo processing factory was found to have spent just 219 cedis ($72) on raw materials whereas wages and salaries amounted to 16,184 cedis, and the State Fishing Corporation "as of October 1, 1968, had on its payroll 435 sea-going personnel, despite the fact that for months it had no vessel fishing" (Killick 1978, 237). In fact, in 1966, the minister of finance listed "overstaffing" and "indiscipline" as major factors militating against efficiency of public enterprises (ibid.). Nigerian Railways has six times the staff per traffic unit of European railways. In February 1987, 30 percent of all ministries in Sierra Leone were considered superfluous (*West Africa*, June 1988; 1762).

In Ghana, blatant cases of overmanning were often for political reasons and had a whole history dating back to the 1970s. One excellent example was Ghana's State Gold Mining Corporation, which was investigated by the Amamoo Commission (1971). Its report noted that

> The basic cause of the present weakness of the corporation is political in nature. Since it was formed in 1961 no Government has provided the Corporation with the conditions necessary for its success. One reason for this is that Governments have tried to pursue contradictory objectives. Governments have tended to speak with two voices about the duties of the Corporation. With one voice they justify the necessity for the Corporation on social, noncommercial grounds, i.e., on the need to prevent unemployment. With the other voice, however, they talk of the Corporation in commercial terms, stressing the need to obtain profits and criticizing the management for having to depend on budgetary subsidies. (p. 8)

Another example of political interference and lack of accountability is supplied by the case of Ghana's Industrial Development Corporation (IDC), set up to promote industrial investment. A 1958 report by W. Arthur Lewis, the famous Nobel laureate economist from the West Indies, noted that

> The IDC has suffered greatly from outside interference in the shape of Members of Parliament and other influential persons expecting staff appointments to be made irrespective of merit, redundant staff to be kept on pay roll, disciplinary measures to be relaxed in favor of constituents, business to be purchased at inflated prices, loans to made irrespective of security, etc. (Killick 1978, 245)

When the opposition charged that the IDC catered more to the whims of politicians, the minister of works, N. A. Welbeck, retorted: "But that is proper; and the Honorable Member too would do it if he were there!" (ibid.)

Misaligned priorities were not unique only to Ghana. In Zambia, a country with critical shortages (of tires and auto spare parts, for instance), China was busy building a giant new headquarters for the Zambia's only political party (*The Wall Street Journal*, July 29, 1985; 18).

In addition, there has been a rather consistent tendency on the part of African leaders to select development projects that emphasize grandeur rather than economy. In Ghana, there was notable predisposition on the part of the government to opt "for modern capital intensive techniques and projects." Uphoff (1970) cited a pharmaceutical factory where a relatively modest design was turned down in favor of another that eventually cost nearly ten times as much and that included "eleven bungalows for managers, a handsomely fitted administration block, a large cafeteria with one of the biggest and most modern kitchens in Ghana, and housing for experimental animals better than those in which most Ghanaians lived" (p. 562).

Administrative Ineptitude

Some of the reasons for the poor performance of the state enterprises and other development projects generally have been poor project planning, lack of feasibility studies, improper siting of industries and projects, poor coordination, and implementation that emanated from defective administrative machineries.

The civil service is characterized by low morale, lack of discipline and accountability, predisposition toward graft, nepotism, and low productivity. African governments have always been aware of the defects in the civil service machinery but instead of tackling the problems they have blamed their predecessors, the "colonialists." Nkrumah was well aware of these defects:

> It has long been apparent that the administrative machinery we inherited was not designed for a country working

> within the framework of an overall development plan, and in which the activities of individual agencies of the nation are directed to clearly defined goals of development. An effective reform of the governmental machinery is therefore needed if the 7-Year Plan is not to falter on the inadequacies of administration. (Nkrumah 1973; 199)

Reform of the government machinery never materialized. To rectify the defects in the "colonially" inherited machinery, he created more ministries and public institutions. When no improvement was forthcoming he lamented that:

> It amazes me that up to the present many civil servants do not realize that we are living in a **revolutionary** era. This Ghana, which has lost so much time serving colonial masters, cannot afford to be tied down to archaic snail pace methods of work which obstruct expeditious progress. We have lost so much time that we need to do in ten years what has taken others a hundred years to accomplish. (Nkrumah 1973, 157)

Twelve years after Nkrumah's overthrow, the civil service standard of efficiency had not changed much, as the Okoh Commission (1978) noted: "The standard of discipline is generally low both in terms of compliance with civil service code and in the enforcement of disciplinary action. There is widespread feeling that some superior officers lack self-discipline. They are thus unable to set the right examples for the sub-ordinates to follow" (p. 2).

Defects in the civil service machinery not only resulted in poor project planning but also in administrative blunders and financial mismanagement. There is extensive evidence for these, but suffice it here to give a few dramatic examples.

In Ghana, two tomato canneries were built in different parts of the country. The capacity of either one of them would have met the total domestic demand (Killick 1978, 229). It took six years to complete Ghana's state footwear corporation factory and by the time it was ready to go into production, much of its equipment was obsolete (ibid., 231). The Ghana government-owned sugar factory at Komenda, after completion, stood idle for more than a year because it lacked a water supply system (ibid.).

In Uganda and Angola, some high rises lack glass panes and running water. In Mali, a Soviet-built cement factory at Diamou was designed for a capacity of 50,000 tons a year. Beset by regular breakdowns, it produced only five tons in 1983 (*Time,* January 16, 1984; 27). Furthermore, according to *The Wall Street Journal* (July 29, 1985):

> The US built 50 crop storage depots in Senegal and placed them in locations the peasants never visited. In Uganda, a railroad expert discovered to his amazement that a repair shop built with foreign aid was seven times as large as the one he ran in Germany. A fifth of Ivory Coast's foreign borrowing went to build two sugar mills that started production just four years ago and now are closed. In Sudan, the Soviets built a milk bottling plant at Babanusa. Babanusa's Baggara tribesmen drink their milk straight from the cow and there aren't any facilities to ship milk out of Babanusa. The 20-year-old plant hasn't produced a single bottle of milk. (p. 18)

Delays in project completion—with consequent cost over-runs, poor coordination, and in some cases the complete absence thereof—all took their toll on the efficiency of the state enterprises. In 1975, Nigeria purchased a Russian-made steel-making furnace. But it was built on a site so remote from iron and coal mines as to render it useless. Subsequently, Russian, German, and French technicians spent billions of naira to make it operational.

The most outrageous blunder, however, was what was dubbed Africa's largest paper mill, the Nigerian National Paper Manufacturing Company. It was conceived under the Third National Development Plan (1975–80), to produce 100,000 tons of paper yearly, to earn about 150 million naira from exports and save the nation 250 million naira in imports. It was initially estimated to cost only 85 million naira in 1976.

By 1979, the cost had been revised to 350 million naira; from there it jumped to 450 million naira three years later. By 1986, it was estimated that an additional 275 million naira were needed for completion. When the government could not provide the funds, a Canadian company proposed a loan of $135 million (which then was the equivalent of 275 million naira) to complete the required project in return for lifting of crude oil of an equivalent amount, but this offer was rejected. By 1989, only 55 percent of the project had been completed, according to Professor Ganiyu Jawando, chairman of the Nigerian company. According to *New African* (August 1989):

> The project was then almost forgotten until last November (1988), when President Ibrahim Babangida paid a visit. He was shocked by what he saw: "The Iwopin Paper Mill is becoming a classical example of how not to plan and execute a major strategic operation," he said.

> "It is a sad reflection of bad planning, bad implementation and bad use of public funds which have characterized our life since independence." (p. 24)

Many of Africa's state enterprises were set up with either no prior feasibility studies or improperly done studies. Where these studies were done at all, they mostly were done by the very companies or individuals who were peddling their equipment for factories under supplier credit arrangements—a clear conflict of interest. For example, in Ghana, a Yugoslav company recommended and built those two previously mentioned tomato canning factories on an assumed price of 1 pesewa per pound of tomatoes when farmers were receiving from the ordinary market traders 5 1/2 to 9 pesewas in one center and up to 15 pesewas in others (Killick 1978, 230).

In a similar fashion, the British consultants and engineers who built and managed Ghana's steelworks at Tema based their analysis on an assumed price for electric power that was only 30 percent of the going rate for other industrial consumers (ibid.). That officials were aware of these shortcomings and conflicts of interest is borne out by a remark by the minister of finance that the foreign suppliers who undertook the feasibility studies "were more interested in selling than in anything else" (ibid.).

Lest one be inclined to ascribe these failures to a lack of administrative skills, note should be taken of an observation made by the World Bank in reference to Ghana's State Farm Corporation: "The most simple calculations of costs and returns would have indicated the lack of viability inherent in many of the Corporation's projects prior to their implementation" (ibid.).

Venal Tendencies

African governments are characterized by overspending, wasteful practices, willful extravagance with public funds, and financial irregularities and profligacy. Many projects have failed in Africa because they were riddled with graft and corruption. According to the World Bank's *World Development Report 1983*:

> Corruption seriously undermines the effectiveness of government. Over time, corruption tends to corrode popular confidence in public institutions. Rent-seeking can become an obsessive pre-occupation. Public officials will do nothing without bribes and many people are unproductively employed in securing their favors or buying their silence. Corruption tends to favor those with economic or institutional power. Some corruption is on such a scale that it has major economic consequences; it may stimulate the illegal export of capital or result in large projects being awarded to contractors (often multinational companies) according to the size of their bribes rather than the quality of their performance. (p. 117)

Much of the failure of government policies in Africa can be explained by corruption because it goes hand in hand with administrative inefficiency. Administrators may expedite approval of a project without checking its viability either because they have a personal interest or are promised a cut. In some instances a viable project is shelved indefinitely because the appropriate minister was not adequately "settled," as Nigerians would say. Not only does corruption undermine administrative efficiency but it impairs the government's ability to formulate and implement development policies.

In most African countries, the import control program required licenses or official permission before goods could be imported. But in Nigeria, an importer could obtain the license with payment of a 10 percent bribe. It was the same story in Ghana, where even government appointed commissions of enquiry revealed this malpractice. In Senegal, when the state-run company to distribute fertilizer and seed was closed, "auditors discovered that most of the company's $250 million in bad debts were owed by about half a dozen politically well-connected businessmen" (*The Wall Street Journal*, July 29, 1985; 18).

It is estimated that up until the 1970s, "at least 50 percent of the corporations in Nigeria and Ghana had had public inquiries conducted into their operations" and that between 1960 and 1966 the Nigerian Railways alone had thirteen inquiries into its activities (Udoji 1970, 219). Following a special committee set up in 1961 by the federal government of Nigeria, a public policy statement was issued to the effect that public corporations should enjoy an appropriate measure of independence and should not be subjected to direct government interference in their day-to-day activities. But political interference in the affairs of the corporations continued unabated.

"Chairmen usurped the powers of chief executives; ministers usurped the powers and functions of both chairmen and chief executives. The management of some of the corporations was chaotic as it became a hotbed of power struggles" (Etukudo 2000, 27). In such a chaotic situation, the finances and general management of these enterprises were in such a parlous state that, in 1986, the Nigerian federal government issued instructions to the effect that "the vol-

ume of non-statutory transfers to all economic and quasi-economic parastatals will constitute no more than 50 percent of their present levels." Public enterprises were required to provide the balance from price increases, charges, tariffs, and rates.

A similar injunction was issued in Zambia by former President Kenneth Kaunda to the Zambia Industrial and Mining Corporation Limited (ZIMCO) and its subsidiaries to the effect that they "were business enterprises first and state-owned companies thereafter." They were therefore to operate "no less efficiently than any other business undertaking" (ibid., 29).

Summary

After independence, African nationalists settled down to develop Africa—in its own image. They were in a hurry. Africa was to be developed not by capitalist or imperialist principles but by a socialist ideology under which the state not only participated in but captured the "commanding heights of the economy." Even those African countries—such as Ivory Coast, Kenya, and Nigeria—that were not so enamored with the socialist ideology, envisaged and actively promoted state participation in the economy for nationalistic reasons: to promote "indigenization" (indigenous ownership of the economy) and to protect national assets against foreign exploitation.

State participation in the economy was, almost everywhere in Africa, to be achieved through a myriad of state controls, state ownership, and establishment of state enterprises and government regulations. Development was to be spearheaded by the state, which acted as the entrepreneur, planner, and investor. Industry was emphasized over agriculture, since all developed countries are "industrialized." Besides, agriculture was held in contempt as an inferior form of occupation. Worse, it reminded African nationalist leaders and elites of their colonial past.

The strategy for industrialization was import-substitution. The idea was that the production of commodities previously imported would save foreign exchange. The same foreign exchange could be used to import machinery and equipment needed to accelerate the pace of development.

Massive resources were needed for Africa's industrialization drive. Only the state, under the banner of socialism, it was argued, possessed the necessary powers to mobilize the requisite resources. These resources could be secured by running down the country's foreign exchange reserves. Where such reserves had been depleted, the peasants could be milked—à la Soviet example—through compulsory saving schemes and development levies under such slogans as "national sacrifice" and "belt-tightening." The remainder was to be sought through money creation and, as a last resort, borrowing from abroad. And foreign aid poured into Africa.

With such huge resources invested, African leaders surmised that they could transform Africa into a bountiful and prosperous continent. Kwame Nkrumah of Ghana, for example, dreamed of transforming Ghana into a "veritable paradise" and undertook to "achieve in a decade what it took others a century" (Nkrumah 1973, 401). Unfortunately, all did not go as planned.

The Byzantine maze of state controls and regulations created an artificial "scarcity economy" and rich opportunities for illicit enrichment. State controls on prices, imports, and foreign exchange, for example, created artificial shortages, which spawned a mountain of economically unproductive rent-seeking activities. Price controls created shortages and, in turn, black markets, where commodities were illegally sold above their government-controlled price. Much time and resources were expended chasing scarce goods. Bribes were offered to secure such goods. Government officials in charge of the distribution of scarce goods saw an opportunity to secure them at the cheap official price and resell them on the black market to reap huge profits. An official culture of bribery and corruption was spawned.

Africa's state enterprises established with foreign loans were egregiously inefficient and riddled with excess capacity, waste, and corruption. Obviously, these enterprises could not generate the return needed to repay the loans that were taken to establish them. Foreign loans taken for "general budget support" or to cover a budget deficit posed a problem when they disappeared into general government accounts. In that case, they could be used to pay civil servant salaries or even purchase weapons for the military. Under such circumstances, the loans were being "consumed" and not invested productively to generate a return.

Investment in infrastructure is necessary for economic development, and foreign loans from the World Bank to build such infrastructure can be defended on economic grounds. Roads, bridges, schools, health clinics, telecommunications, safe drinking water, and a reliable supply of electricity are all vital to spur economic growth. But when the infrastructure is allowed to deteriorate and decay because of negli-

gence, its contribution to economic growth becomes negative or dubious. In other cases, portions of foreign loans simply disappeared into the pockets of corrupt government officials. Thus, foreign loans taken by African governments were not used productively. A debt crisis erupted when the time came to repay the loans. Debts were rolled over and more was borrowed to service existing debt, which really did not solve the problem.

Commodity scarcities, kalabule, hoarding, smuggling, bribery, inefficient state enterprises, budget deficits, and the accumulation of foreign debt were the first-generation problems, which fed upon themselves to create the second-generation problems—the subject of the next chapter. The "veritable paradise" promised to Africans turned out to be a starvation diet, unproductive state enterprises, and a bazooka to the head.

Clearly, this was not what Africans asked for when they struggled for freedom from colonial rule. The cause for freedom was perfidiously betrayed. True freedom never came to much of Africa after independence, and neither did real economic development.

By the new millennium, it was clear that Africa needed to change course and head in a new direction. But as we shall see in subsequent chapters, this was easier said than done. There was formidable resistance to change or reform. Constituencies and those who had benefited from the rotten status quo fiercely resisted any notion of reform—even to the destruction of their own countries.

REVIEW QUESTIONS

1. a. Distinguish between "an economic crisis" and "lack of development." (10 points)

b. Why is it important to maintain this distinction? (10 points)

2. Which of the following is indicative of "an economic crisis" and which of "lack of development" for an African country and explain briefly.

a. Low rate of investment (4 points)

b. A 40 percent increase in the money supply (4 points)

c. High rate of illiteracy (4 points)

d. A 2.5 percent rate of expansion in agricultural production (4 points)

e. A balance of payments deficit. (4 points)

3. African leaders argue that the continent's economic problems can be traced to the legacies of Western colonialism, slavery, and an unjust international economic system. How valid is their position? Explain. (20 points)

4. Why did most African leaders adopt socialism as their ideology after independence? (20 points)

5. Was the socialist experiment successful? If yes, explain. If no, why did it fail? (20 points)

6. The key to economic growth and poverty alleviation in Africa is investment, both foreign and domestic. But Africa attracts only a tiny fraction of private investment flows to the Third World. Why is this so? (20 points)

7. Writing in *The Washington Times* (November 26, 2005), Alejandro Chafuen claims, "The real problem in Latin America is that, with few exceptions, the rule of law—particularly on private property rights—doesn't exist as we know it. Decision-making is marred by corruption and cronyism and mired in bureaucracy." Is this also true of Africa? Explain. (20 points)

8. Why do you think Africa's industrialization drive failed so miserably? How could African governments have made it succeed? (20 points)

9. Why did Africa's state-owned enterprises fail to perform? (20 points)

10. The challenge of development in Africa is to design a development model from the bottom up under indigenous impetus.

a. Was this the approach taken by African nationalist leaders and elites after independence? Explain. (10 points)

b. How would you devise such a model? (10 points)

Chapter Six

THE ENDURING LESSONS

"China's push for raw materials should not be allowed to become a new form of neo-colonialist adventure with African raw materials exchanged for shoddy manufactured imports and little attention to develop an impoverished continent."

—Former President Thabo Mbeki of South Africa (AFP, Sept 30, 2009)

"Africa must not jump blindly from one type of neo-colonialism into Chinese-style neo-colonialism."

—Rene N'Guetta Kouassi, the head of the African Union's Economic Affairs Department (AFP, Sept 30, 2009)

Failed Programs in the Past

After independence, African leaders announced all sorts of grandiose initiatives and mega-plans at various summits to move Africa into the next century. Then nothing was subsequently heard of them after the summits: the Lagos Plan of Action (1980); the African Priority Program for Economic Recovery (1985); the African Alternative Framework to Structural Adjustment (1989); the United Nations Program of Action for African Recovery and Development (UNPAERD); the United Nations New Agenda for African Development (UNNADAF); the Abuja Treaty (1991); and others. In the late 1980s, there was much excitement about the creation of the African economic community. Nothing has been heard of it since. At the thirty-fifth OAU Summit in Algiers (July 15, 1999), President Thabo Mbeki of South Africa shocked the delegates by reminding them that little has been done to implement the 1991 Treaty of Abuja, which established an African economic community (*The Washington Times*, July 15, 1999; A14).

There were other grand initiatives too: the Algerian and South African initiative; the Millennium Partnership for the African Recovery (MAP); and the Omega Plan, spearheaded by President Abdoulaye Wade of Senegal. They were finally integrated into a single plan called the Compact for African Recovery (COMPACT) by the Economic Commission for Africa (ECA). Subsequently, COMPACT metastasized into the New Partnership for Africa's Development (NEPAD). All these plans committed African leaders to democratic ideals; establishment of peace, law, and order; respect for human rights and basic freedoms; and a better management of their economies, among other things. They also entreated the international community, especially Western nations, to work in partnership with African leaders to help them realize their goals.

NEPAD

The New Partnership for Africa's Development (NEPAD)—a synthesis of these previously mentioned plans and touted by Presidents Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, and Abdoulaye Wade of Senegal—was presented at the G-8 Summit in Genoa in 2001 for Western financial support. NEPAD was seeking $64 billion in Western investments in Africa. The official NEPAD document undertakes "to respect the global standards of democracy, whose core components include political pluralism, allowing for the existence of several political parties and workers' unions; fair, open, free and democratic elections periodically organized to enable the populace to choose their leaders freely." It also includes a "peer review mechanism" by which African leaders who misrule their countries would be subject to criticism by fellow African leaders according to commonly agreed standards. NEPAD was trumpeted as "Africa's own initiative," "Africa's Plan," "African-crafted," and therefore "African-owned." While African leaders deserve credit for at least making the effort to craft an "African initiative," NEPAD is fatally flawed in many ways.

First, its pitch and analysis are faulty. Playing the guilt-trip card, NEPAD claims that the impoverishment of Africa has been "accentuated" by the "legacy of colonialism" and other historical "legacies" such as the Cold War and the unjust "international economic system." Colonialism subverted Africa's "traditional structures, institutions, and values," creating an economy "subservient to the economic and political needs of the imperial powers" (para 21). Africa has been integrated into the world economy as "supplier of cheap labor and raw materials, draining Africa's resources rather than industrializing Africa" (ibid.). Colonialism, according to NEPAD, retarded the development of an entrepreneurial and middle class with managerial capability. At independence, Africa inherited a "weak capitalist class," which explains the "weak accumulation process, weak states and dysfunctional economies" (para 22)—the same old colonialism claptrap. Insufficient "rate of accumulation" in the postcolonial period led to "patronage and corruption" (para 25). The "vicious circle" of "economic decline and poor governance" has confirmed Africa's peripheral and diminishing role and "marginalization" (para 26). More recent reasons for Africa's dire condition include "its continued marginalization from the globalization process" (para 2).

Back in August 1999, representatives of African governments met in Accra and issued a declaration: "Africa is demanding $777 trillion from Western Europe and the Americas in reparation for enslaving Africans while colonizing the continent" (*Pan African News Agency*, August 18, 1999). It added that the money would be demanded from "all those nations of Western Europe and the Americas and institutions, who participated and benefited from the slave trade and colonialism." Dr. Hamet Maulana and Debra Kofie, co-chairpersons of the commission, urged that worldwide monitoring and networking systems be instituted to ensure that reparation and repatriation would be achieved by 2004. Problem is, US GDP was then only $10 trillion and the amount demanded—$777 trillion—exceeded the combined sum of the GNPs of the entire Western world.

According to the British government's Office of National Statistics, "The United Kingdom—that is England, Wales, Scotland, and Northern Ireland—is officially valued at $8.8 trillion, a sum that includes all of its property and buildings, machinery, roads, bridges, planes, trains and automobiles. It also includes all the money deposited in its banks and other financial institutions. Plus everything on the shelves at Harrods" (*The New York Times*, January 1, 2004; A4). While slavery and colonialism did harm Africa, this card has been excessively over-played by African leaders to conceal their own failures. The truth is African leaders themselves marginalized Africa.

To be sure, unfair trade practices—trade barriers and agricultural subsidies—are legitimate issues of concern for the Third World. It is hypocritical for the West to preach free trade to the developing countries and yet put barriers in its place. But there is hypocrisy on both sides. According to Columbia University economist Jagdish Bhagwati, "There is greater tariff protection on manufacturers in the poor countries . . . and autarkic trade barriers make domestic markets more lucrative than exports, leading therefore to an incentive bias against exports. So even when the rich country markets are opened further, one's own trade barriers can prevent the penetration of these markets" (*The Wall Street Journal*, January 18, 2005; A16).

According to a study by Oxfam, a United Kingdom aid group, eliminating billions of dollars in federal subsidies to American cotton growers each year would reduce American cotton production and exports, raise world prices by about 10 percent and modestly improve the incomes of millions of poor cotton farmers in Africa. In 2002, President Bush signed into law a piece of legislation that paid more than $3.4 billion in subsidies to America's 25,000 cotton farmers. Thus, US government subsidies allow American farmers to produce more cotton, which depresses world prices, making it difficult for African farmers to compete.

African woman carrying newly picked cotton

"Agricultural economists at the University of California, Davis, who conducted the study for Oxfam, found that a typical farm family of 10 in Chad, Benin,

Burkina Faso, or Mali—Africa's major cotton producers—that now earns $2,000 a year would have an extra $46 to $114 a year to spend if American subsidies were removed. African farmers would receive about half the total gain from higher prices, while the balance would go to those who transport, process, and package the cotton, among others. Oxfam however concedes that: 'Subsidy reform alone will not resolve all the challenges facing the cotton sector, but it could significantly ease the burden on poor cotton farmers struggling to support their families'" (*The New York Times*, June 21, 2007; A12).

Children work in harvesting and storage of cotton in Burkina Faso

In Mali, cotton farmers hitch their one-bladed plows to oxen and take two weeks to till ten- to twenty-acre plots, from which the cotton is eventually picked by hand. In contrast, the Mississippi Delta growers tend giant spreads of 10,000 acres or more in air-conditioned tractors using global positioning satellite systems to determine the proper amount of fertilizer to apply to sprouting seedlings on each particular acre. In all, it costs 82 cents to produce a pound of cotton in Mississippi versus only 23 cents a pound in Mali (*Washington Post*, June 8, 2003; B2).

In Burkina Faso, Benin, Chad, and Mali, cotton production accounts for 5 to 10 percent of the gross domestic product (GDP), 30 percent of trade balance, and more than 60 percent of export receipts. But Mali, Burkina Faso, and Benin have each lost $43, $33, and $28 million respectively in export receipts because of the effects of subsidies. African countries as a whole lost about US$300 million in 2001–2002 because of depressed world cotton prices, thanks to US subsidies, which have brought the global cotton price down by 25 percent. Benin, Burkina Faso, Mali, and Chad are demanding the gradual elimination of the subsidies.

African nations are not the only ones suffering from subsidies. Brazil sued the United States before the World Trade Organization and won, and won again on appeal. But rather than removing the subsidies, it "agreed to pay Brazil $147 million a year for the privilege of continuing to subsidize its own farmers in a WTO-inconsistent way." In October 2014, the United States "reached another settlement, buying Brazil's peace once more, this time to the tune of a $300 million lump sum payment." (*Washington Post*, October 12, 2014; web posted).

Even then, trade barriers and subsidies are peripheral to the core issue of Africa's underdevelopment. Africa's exports consist mainly of cash crops (cocoa, cotton, coffee, bananas, sisal, etc.,) and minerals (gold, diamonds, oil, titanium, cobalt, copper, etc.). Trade barriers and agricultural subsidies in the West affect only a few African exports, such as cotton (Burkina Faso, Benin, Mali, Sudan), peanuts or groundnuts (Gambia, Senegal, Sudan), sugar (Mauritius, Mozambique, South Africa), tobacco (Malawi, Zimbabwe), and beef (Botswana, Namibia). Only a few African countries such as Ivory Coast, Mauritius, and South Africa export manufactured goods, which can encounter trade barriers in the West.

It is not Western agricultural subsidies, however, that have hurt African food agriculture the most. As we saw in Chapter 4, food production per capita has been declining and Africa's food imports have shot up to some $25 billion annually. The 2011 civil war in Ivory Coast, for example, cut the country's cocoa exports by half and disrupted agricultural exports of neighboring countries that pass through Ivory Coast. In Burundi, coffee production dropped by more than 50 percent because of civil war/strife that engulfed that small country from 1993–2005. In 2015, further political unrest spawned protests and government retaliation, and over a 100,000 people were forced to flee the country. In Malawi, crime rose so sharply in 2010 that some farmers refused to grow crops. And while the United States maintains import quotas against Zimbabwe's tobacco exports, the industry was nearly destroyed by President Robert Mugabe's violent seizures of white commercial farmland to remedy "colonial injustices."

Wailing over agricultural subsidies in rich countries amounts to shedding crocodile tears since it gives the

false impression that African governments care much about agriculture. The erosion of Africa's share of world trade was caused not so much by trade barriers but rather a host of internal factors. Among them are the neglect of agriculture occasioned by the overemphasis on industrialization, raging civil wars, crumbling infrastructure, and misguided socialist policies that exploited Africa's farmers through a system of marketing boards and price controls. For example, trade barriers do not block exports of oil, diamonds, gold, coltan, and other minerals from Africa. Yet, paradoxically, countries that produce them—Angola, Congo, Equatorial Guinea, Gabon, Nigeria, Sudan, among others—had been wracked by war, poverty, and social destitution. In fact, Africa's diamonds have fueled such barbarous civil wars in Angola, Congo, and Sierra Leone that human rights activists in the West have called for a boycott of Africa's "conflict diamonds." As we shall see in the next chapter, Africa's mineral wealth has not been utilized to lift its people out of poverty.

A key note speech by the African Union (AU) secretary-general, Amara Essy, to mark the New Year, did not provide Africans with hope or assurance. Essy "accused the international community of failing the continent; their refusal to alleviate Africa's huge debt burden continues to compromise its development" (IRIN, January 3, 2002). It is the same old drivel about the international community failing Africa, as if it is the international community that is responsible for the flagrant violations of human rights on the continent.

NEPAD and African Self-Reliance

Second, NEPAD talked of "self-reliance" and argued forcefully that Africans must be "masters of their own destiny." It railed against "the credit and aid binomial" that led to a "debt deadlock," and perpetual rescheduling (NEPAD, 2001; para 3). In fact, the plan was a cleverly designed vehicle to extract more foreign aid and credit. It said that Africa needed to secure more aid and more credit (para 145), and furthermore, that the "bulk" of Africa's capital needs up to the year 2015 would "have to come from outside Africa" (para 147). The apparent contradiction stemmed from an aid-dependency trap African leaders seem incapable of breaking out of.

NEPAD as a Western Model

Third, it turned out NEPAD was modeled after a *foreign* plan: the US Marshall Plan, which rebuilt Europe after World War II. Recall that the development that took place in postcolonial Africa was dismissed as "development-by-imitation." American farmers use tractors; so too must African farmers. Rome has a basilica; so, too, must Yamoussoukro, Ivory Coast. Then came NEPAD. How could it be "African-crafted" when it was a copy of the Marshall Plan? How could Africa claim ownership over someone else's idea?

At a forum organized by Kenya's Mazingira Institute, the African Academy of Sciences, and the Regional Office (Horn and East Africa) of the Heinrich Boell Foundation, the keynote speaker was Professor Adedeji Adebayo. As the UN undersecretary general and executive secretary of the ECA, Adedeji was instrumental in creating five initiatives to jump-start Africa's economic growth. "Aid," he said, had failed to solve Africa's problems for four decades and was not about to. "No Marshal Plan will work in Africa's underdeveloped markets. It worked in Germany because of Germans' hard work and intellectual resources. Africa requires building anew; not rehabilitation or reconstruction," said Adedeji (*East African*, [Nairobi], May 6, 2002).

NEPAD and Exclusion

Fourth, and more serious, was the blatant dishonesty and double-speak that infected NEPAD. Speaking at the four-day OAU Civil Society conference (June 10–14, 2002), President Obasanjo of Nigeria noted that the involvement of civil organizations was required in order to make the ongoing establishment of African Union and NEPAD successful. "I would like to reiterate that much of what Africa has today gained in the areas of political and social sphere had been derived from the direct influence of Civil Society Organizations (CSOs). This attitude should continue," he added (*Daily Monitor* [Addis Ababa], June 14, 2002; www.allafrica.com). Prime Minister Meles Zenawi of Ethiopia for his part said that the role of civil society was essential in making sustainable development in Africa. Zenawi noted that the success of NEPAD lay in the collective efforts of all Africans at the grassroots level (*Daily Monitor* [Addis Ababa], June 14, 2002). NEPAD also claimed to be "people-oriented." Yet, NEPAD was "crafted" without consultation with Africa's NGOs and civic groups.

No civic group, church, political party, parliament, or democratic body took part in its formulation. Only a small coterie of African leaders deliberated on the document, excluding the political leadership of the rest

of Africa. In fact, most governments and civil society organizations in Africa first learned about NEPAD from the Western media when President Thabo Mbeki presented it in Davos at the World Economic Forum in January 2001. It had resulted from a chaotic evolution: the Millennium Partnership for African Recovery (MAP), crafted by presidents Mbeki and Bouteflika, was merged with the Omega Plan, spearheaded by President Abdoulaye Wade of Senegal to create the Compact For African Recovery by the Economic Commission for Africa (ECA), which, as previously stated, subsequently turned into NEPAD. In fact, President Mbeki admitted to this lack of popular consultation in a letter to the African National Congress (ANC):

> Quite naturally, up to now, our governments have led the processes of African transformation represented by the AU and NEPAD. Nevertheless, the 2001 Lusaka Summit of the OAU directed the Member States to popularize both the AU and NEPAD among the African masses. In reality, however, much needs to be done to give effect to this decision. The establishment of the Pan African Parliament (PAP) further emphasizes the need for the empowerment of our people to play their role in changing their lives for the better. Our movement must respond to this challenge and ensure that we both supply the people with the knowledge they need, as well as organize them actively to participate in what inevitably will be a protracted struggle for the victory of the African renaissance." (*ANC TODAY*, On Line Voice of the African National Congress, July 9–15, 2004; http://www.anc.org.za/docs/anctoday/2004/at27.htm)

A furor erupted in Africa when it became clear that NEPAD was crafted more to placate Western donors rather than address issues of concern to the African people. On January 9, 2001, representatives of some two hundred social movements, organizations, and institutions meeting in Bamako, Mali, issued "The Bamako Declaration," which strongly condemned the lack of consultation with civic society. Another joust came in March 2002 when the Southern African Catholic Bishops Conference (SACBC) slammed NEPAD, calling the plan "ambiguous" and some of its proposals "dubious." The bishops averred that "NEPAD may not achieve its purpose because of lack of consultation with those the plan would affect" (*Mail and Guardian* [Johannesburg], March 8, 2002). In fact, such has been the history of other grandiose initiatives and mega-plans announced by African leaders at various summits to address Africa's woes. They cease to exist after the summits.

Problem is, the architects of NEPAD did not even take African Unity seriously. Instead of working collectively to advance NEPAD as an "African *initiative*," South Africa spearheaded NEPAD with Nigeria, Algeria, and Senegal, in a group known as "the powerful G-4" (group of four), leaving the other countries chafing with little role to play.

On June 5, 2002, African leaders met in Durban, South Africa, to fine-tune the details of the ambitious recovery plan for Africa. But bitter acrimony engulfed the endeavor and tension emerged over the powerful G-4 steering NEPAD. Irate at being excluded from the core group because of allegations of corruption in his government, Kenyan President Daniel arap Moi left in a huff, barely twenty-four hours after the opening of the summit, without making any formal addresses. His team of government officials subsequently withdrew from panel discussions on NEPAD and headed home. Kenya also complained that South Africa was rushing ahead with NEPAD without explaining the program to the rest of Africa. Libya, whose leader Colonel Gaddafi was one of the architects of the AU, was also incensed at being left out of the plan. "Libya has let it be known that it is not happy at being excluded when it was a major force behind the creation of the AU," an African ambassador said, adding that explanations by some ministers that Libya was still largely isolated internationally had gone down badly with Gaddafi. Zambian Foreign Minister Katele Kalumba also admitted there were tensions as NEPAD got off the ground (*Sunday Standard On Line*, June 9, 2002).

Never mind the absurdity of dictators standing in judgment of other despots. Even before the plan was launched, there was backpedaling on the "peer review mechanism." President Mbeki of South Africa had been reticent on how to implement peer review. "He talked vaguely about market reaction to the reviews, and a system of credit ratings for participating countries. Zambia's Levy Mwanawasa, who was elected in dubious circumstances in January 2002, argued that 'peer review must not be about isolation.' And Mozambique's Joaquim Chissano said it was too early to talk of peer pressure, even on countries as badly governed as Zimbabwe" (*The Economist*, June 22, 2002; 44).

When the peer review mechanism was formally launched at the March 2003 Abuja meeting, it was "intended as a voluntary 'self-monitoring' system by which participating African countries subject them-

selves to ongoing examination by other Africans in such priority areas as peace and security, democracy and political governance, and economic and corporate management" (*Africa Recovery*, May 2003; 8). At the Abuja meeting, only ten out of fifty-four African countries officially acceded to the African Peer Review Mechanism (APRM)—Algeria, the Republic of Congo, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, South Africa, and Uganda, with Botswana and Senegal indicating their intention to accede. APRM's funding was to come from African institutions, businesses, and individuals "in order to affirm African ownership of the mechanism" (ibid.).

Two years later, "Out of 53 members of the AU, only 23 had signed the Peer Review Protocol. Not even the shining example of democracy in Africa, Botswana, was prepared to subject itself to the Peer Review mechanism scrutiny. . . . Of the 23 signatories only two, Rwanda and Ghana, had undergone the PR process" (*Mmegi/The Reporter,* Gaborone, July 12, 2005; web posted). Obviously, such a mechanism would not work if only the "good guys" signed up and there were no costs to the "bad guys" for nonparticipation.

In 2003, President Thabo Mbeki conceded that NEPAD was in serious trouble. Speaking at a Black Management Forum conference at Cape Town International Convention Centre on October 9, 2003, Mbeki said NEPAD faced the grave danger of failure, posed by the lack of capacity in most countries:

> We are not going to achieve some of the programs we have set (out) to (achieve) because of the lack of capacity. . . . Even if we do have the resources, the institutions do not have the capacity, and African renewal needs capacity. . . . The embarrassing thing is that they (developed nations) have committed resources, but we do not have the capacity to implement." (*Cape Argus*, Cape Town, October 10, 2003)

Three years later, NEPAD was dead, kaput. And the final nail into its coffin was hammered by no other person than one of its own architects, Senegalese ex-President Abdoulaye Wade, who said, "NEPAD has failed. We did not choose the right people, they are not managers able to complete projects. NEPAD has not built a single mile of road" (*Reuters*, June 28, 2006).

At this time, the African Union (AU) seemed to be drifting and success seemed to be elusive. In September 2007, Sudanese rebels ripped through the perimeter of an AU peacekeepers' base on the edge of Haskanita, a small town in southern Darfur, the embattled province in western Sudan where some 300,000 people had been killed since a rebellion began in 2003. The AU unit of about a hundred troops fought off the first attack; then their ammunition ran out. "Ten were killed; at least 40 fled into the bush" (*The Economist,* October 10, 2007; 48).

In Libya, the regime of Muammar Gaddafi came under siege in 2011 by rebels from the East, demanding that Gaddafi relinquish power and step down following the eruption of the Arab Spring in North Africa. Initially, Gaddafi put up a fierce resistance, vowing to hunt down the rebels like rats. In the end however, it was he, Colonel Gaddafi, who was cornered and dragged out of a road sewer hole and shot in between the eyes on October 20, 2011.

Structural Adjustment and African Development

In the early 1980s it became apparent that most African economies were in crises. Although the crises were triggered by the oil price shocks of 1979 and the Third World debt crisis of 1982, there was a general recognition that decades of misguided government policies had contributed immensely to Africa's economic morass. In fact, in May 1986, African leaders themselves collectively admitted on their own accord, in a rare moment of courage and forthrightness, before the United Nations Special Session on Africa that their own capricious and predatory management had contributed greatly to the continent's deepening economic crisis. In particular, they pointed to their own "past policy mistakes," especially the neglect of agriculture.

A 1985 OAU Report, which served as the core of the African sermon at the United Nations, urged African nations "to take measures to strengthen incentive schemes, review public investment policies, improve economic management, including greater discipline and efficiency in the use of resources." Most notably, the report pledged that "the positive role of the private sector is to be encouraged." Even a year before that, the African Development Bank and the Economic Commission for Africa had produced reports that had been adopted at the OAU meeting in July 1985, which stressed a change of direction of economic policy "toward more market freedom, more emphasis on producer incentives, as well as reform of the public sector to ensure greater profitability" (*West Africa*, April 21, 1986; 817).

Subsequently, African leaders went to the World Bank and agreed to its Structural Adjustment Programs

(SAPs) in return for World Bank loans to ease balance of payment, debt-servicing, and budgetary difficulties. In June 1987, African leaders reaffirmed their determination to pursue the SAPs at a conference organized by the Economic Commission on Africa at Abuja, Nigeria. Under a structural adjustment program, an African country undertook to devalue its currency to bring its overvalued exchange rate in line with its true value. Supposedly a more realistic exchange rate would reduce imports and encourage exports, thereby alleviating the balance-of-trade deficit. The second major thrust of SAP was to trim down the statist behemoth by reining in soaring government expenditures, removing the plethora of state controls on prices, rents, interest, and the exchange rate, while eliminating subsidies, selling off unprofitable state-owned enterprises, and generally "rationalizing" the public sector to make it more efficient. By 1989, thirty-seven African nations had formally signed up with over $25 billion in Western donor support. It is important to note that SAP was not imposed on African leaders unilaterally without their consent. They willingly and freely consented to adopt SAP.

After the collapse of communism in the Eastern Bloc countries, Western donor governments and the multilateral development banks (MDBs) added various "conditionalities" to the receipt of their aid: respect for human rights, establishment of multi-party democracy, etc. For example, on May 13, 1992, "the World Bank and Western donor nations suspended most aid to Malawi citing its poor human rights record, a history of repression under its nonagenarian 'life-president' Hastings Banda. . . . The decision came after protest by workers turned into a violent melee in Blantyre. Shops linked to Banda and the ruling party were looted and government troops fired point-blank at the protesters, killing at least 38" (*Washington Post*, May 14, 1992; A16).

The Dismal Failure of SAPs

Adjustment lending, unfortunately, was a resounding failure in Africa. According to UNCTAD (1998), "Despite many years of policy reform, barely any country in the region has successfully completed its adjustment program with a return to sustained growth. Indeed, the path from adjustment to improved performance is, at best, a rough one and, at worst, disappointing dead-end. Of the 15 countries identified as 'core adjusters' by the World Bank in 1993, only three (Lesotho, Nigeria, and Uganda) are now classified by the IMF as 'strong performers'" (p. xii). Even then, conditions remained dire in Uganda as Charles Onyango-Obbo, editor of the Kampala *Daily Monitor*, pointed out in an interview:

> The government has not rebuilt the country the way it should have but Ugandans' threshold for pain is so high that it takes a lot to annoy them. I know many people who are having to sell everything because they have lost their jobs. Farmers barely an hour from Kampala are selling off their daughters in return for sacks of corn: three for a pretty girl, two for a less attractive one. Ugandans are so numbed, they read these stories and laugh. And it is going to get worse.
>
> Makerere University used to have 2,000 students. Now it has 8,600. There are now nine other universities as well. The economy would have to grow 1,000 percent for these people to be absorbed. It's not happening. All we are doing is increasing the ranks of the discontented." (*The Washington Times*, Dec. 25, 1997; page A11)

The World Bank itself evaluated the performance of twenty-nine African countries it had provided more than $20 billion in funding to sponsor Structural Adjustment Programs over a ten-year period, 1981–1991. Its report, *Adjustment Lending in Africa*, released in March 1994, concluded that only six African countries had performed well: The Gambia, Burkina Faso, Ghana, Nigeria, Tanzania, and Zimbabwe. Six out of twenty-nine gives a failure rate in excess of 80 percent. More distressing, the World Bank concluded, "No African country has achieved a sound macroeconomic policy stance." A year later, however, this number had shrunk. In The Gambia, a military coup toppled Sir Dawda Jawara on July 24, 1994, quashing any hopes of economic recovery. Continuing political turmoil in Nigeria throttled economic reform. In the remaining four "success stories," reform was on the verge of collapse—Ghana in 1995 and Zimbabwe in 1999 with President Robert Mugabe's ill-conceived involvement in Congo's war for mercenary motives and violent seizures of white farmlands. On Ghana, the World Bank's own Operations Evaluation Department noted in its December 1995 Report that, "although Ghana has been projected as a success story, prospects for satisfactory growth rates and poverty reduction are uncertain."

In 1998, four new countries were added (Guinea, Lesotho, Eritrea, and Uganda) and identified as the new "success stories." However, they turned out to be phantom success stories. The senseless Ethiopian–Eritrean war, the eruption of civil strife following an

army takeover in 1998 in Guinea, and the eruption of civil wars in western and northern Uganda knocked off most of the new "success stories." The following table provides the list of the African "success stories," whose economic performance can at best be characterized as "mediocre" to "abysmal."

Of the nine African "success stories" listed here, six of them had real income per capita in 1997 that was less than in 1980. Declining real income per capita, used as an indicator of standard of living, can hardly be considered a "success." Prospects for the new millennium remained bleak (Schwab 2001, 5).

TABLE 6.1: Success Stories—Gross National Income Per Capita (US dollars)

	1980	1990	1991	1992	1993	1994	1995	1996	1997
Burkina Faso	260	290	310	280	230	200	210	230	240
Gambia	430	320	330	350	350	340	340	340	350
Ghana	430	390	410	430	410	360	350	360	370
Guinea	---	460	470	480	500	520	540	560	570
Lesotho	440	540	530	590	590	620	660	690	670
Nigeria	710	270	270	280	250	230	220	260	260
Tanzania	---	190	180	160	170	160	170	180	210
Uganda	---	340	260	200	190	190	250	300	330
Zimbabwe	950	920	910	740	670	650	650	710	750

Source: African Development Indicators, 2012–13; p. 27.

The World Bank has abandoned this practice of declaring a country to be a success story. Stardom can be fleeting or embarrassing. For one thing, a military coup could eclipse the fortunes of an African country—The Gambia in 1994; Nigeria in 1993 and 1998. For another, it is particularly embarrassing to see a country, once declared as an economic miracle, descend into bloody civil war—Ivory Coast in 2005 and 2010; Madagascar in 2003. Burkina Faso was thrown into political turmoil when its longstanding ruler was ousted by the people in October 2014 when he attempted to amend the constitution and prolong his stay in office. Political uncertainty clouded the prospects of Lesotho, Uganda, and Zimbabwe.

Ghana—The Fallen World Bank Star

Ghana's experience with structural adjustment requires a much closer scrutiny because the West poured billions into that country. The World Bank, in particular, pumped more than $4 billion into Ghana, declaring the country an "African economic star" in 1994. Ghana was also the first country on President Clinton's itinerary during his historic visit to Africa in 1998 as well as the first Sub-Saharan African country President Barack Obama visited in 2009.

When Flight-Lieutenant Jerry Rawlings seized power in Ghana on December 31, 1981, his Provisional National Defense Council (PNDC) declared war on corruption, kalabule, and profiteering. Ghana's income per capita was $430. In the halcyon of the Rawlings revolution (1982–83), stringent price controls were imposed on most commodities and ruthlessly enforced by Price Control Tribunals. Private businessmen were attacked. Traders who violated price controls were hauled to jail and their wares confiscated. Some women traders had their heads shaved. Scores of markets, decried as "dens of profiteers and capitalists," were torched by revolutionary cadres. Makola No. 1—a free market in Accra—was dynamited. Traders were warned that if any were found with hoarded goods, they would be "taken away to be shot by firing squad" (Herbst 1993, 26). Criticisms of these inane economic measures were mercilessly crushed with brutal abandon. Back in 1982, the World Bank and the IMF were denounced by the PNDC regime as "imperialist institutions dedicated to the oppression and exploitation of the Third World." In fact, Dr. Kwesi Botchwey, the then minister of finance, vowed that Ghana would never bow to the IMF. These economic inanities sent the economy reeling to its lowest nadir in 1983. Income per capita fell from $430 to $365. According to Herbst (1993):

> As both the economy and civil society fell apart, it soon became apparent to the regime that it did not have the economic policies to cope with the crisis confronting Ghana. The Soviet Union and its Eastern European allies, which the PNDC had hoped would come to the aid of its revolution, told Ghana they had no money, suggesting that the Rawlings regime negotiate a program with the IMF. (p. 29)

The PNDC did so and in 1983 Ghana signed a Structural Adjustment Program with the World Bank. To its credit, the PNDC religiously applied the SAP "medicine" and the World Bank, Western governments, and other multilateral institutions provided more than $4 billion in loans and grants to support the program over the next fifteen years. The economy began to grow, clocking a respectable 4.4 per-

cent annual growth rate over the period 1984–1989, which was surpassed in 1991 with a 5 percent rate of growth. Income per capita regained its 1981 level of $410 in 1991—ten years later—and bounced up to $430 in 1992 (*African Development Indicators* 2000, 35).

A 5 percent rate of growth on a continent where economies were imploding was astounding. Accordingly in 1994, the World Bank declared Ghana an "economic success story"—a "role model for Africa." However, Ghana's stardom was shortlived. It dropped precipitously to opprobrium within a year. The World Bank's own Operations Evaluation Department warned that progress would not be sustained unless the country speeded up the implementation of a large unfinished agenda of policy reform. In its December 1995 report, the department noted:

> While Ghana has been hailed as a success story, prospects for satisfactory rates of growth and poverty reduction are uncertain. Agricultural growth is much slower than necessary and feasible, and may be slower than population growth. Fiscal problems have resurfaced. Deficits are larger than is consistent with low inflation and adequate credit to the private sector. Fiscal problems, combined with excessive credit to public enterprises, still depress private investments and savings, and underlie the resurgence of inflation in 1993–95.

This dire prognosis for Ghana's economy was echoed by Joe Abbey, the former Ghanaian Ambassador to the United States and the executive director of the Center for Policy Analysis (CEPA). He warned of "a full blown economic crisis unless there is an urgent review of the level and quality of government spending in 1996 and beyond. In a macroeconomic review and outlook for the Ghanaian economy, CEPA pressed the panic button and decried the off-tracking of the economy with the recent re-emergence of high inflation, budget deficits, and low savings. Abbey believed that economic growth for 1996 would be no more than 3.5 percent" (*The Ghanaian Chronicle*, March 18–20, 1996; 1).

By 1997 the economy was a shambles. Inflation was raging at 60 percent, unemployment had reached 30 percent, and the currency was in a free fall. Worse, according to Michaels (1993), "Ghana's manufacturing sector, meanwhile, was left to decline, and as Ghana increasingly becomes a 'buying and selling' economy, the only real growth is in the service sector. Its transportation, wholesale, and retail sub-sectors now account for 42.5 percent of GDP, which generates little in the way of foreign exchange (or food). After nine years of structural adjustment, Ghana's total external debt had nearly quadrupled to almost $4.2 billion."

In the ensuing years, the economy continued to deteriorate. By the year 2000, the cedi was in a free fall, while agricultural production and manufacturing plummeted. Income per capita had dropped even below its 1983 level of $365 to $360. A joint report by CEPA and the World Bank, released in June 2000, noted that "a total of 2,008 local businesses closed down between 1996 and 1999," throwing hundreds of thousands of able-bodied Ghanaians out of jobs (*The Ghanaian Chronicle*, July 3–4, 2000; 8).

The country's woes continued. Interest rates had reached 50 percent and the currency had virtually collapsed. When Flight-Lieutenant Jerry Rawlings seized power in a military coup in 1981, the exchange rate was 2.85 cedis to the dollar and income per capita was $410. In 2001, the exchange rate was 7,200 cedis to one dollar and income per capita was down to $360.

Fed by huge expenditures on security and wanton wastes, government expenditures had careened out of control. To satisfy its voracious appetite for revenue, the government sought to tax anything that moved. Fed up with overtaxation, the people rebelled. On May 5, 1995, over 100,000 Ghanaians demonstrated through the streets of the capital, Accra, demanding the repeal of the 18 percent value-added tax (VAT) —denounced by the people as "vampire tax." But government-hired thugs opened fire on the demonstrators, killing four of them. In July 2000, the Ghana Trade Union Congress, a traditional ally of the government, staged a one-day strike to denounce the failure of the regime's policies and open pillage of the nation's treasury.

Finally, in July 2000, the PNDC government summoned enough political courage to admit that the country was indeed in the throes of a serious economic crisis but attributed it to "external factors." However, Mohammed Sidique, regional education secretary of the Reform Party, quickly dismissed this: "Ghana is not the only country which has been bit by external shocks. Other countries are facing similar problems and yet their citizens are living better lives. Inefficiency and greed on the part of our leadership are the cause" (*The Evening News*, July 11, 2000; 3).

At least 40 percent of World Bank loans and Western aid were squandered. According to Goosie Tanoh, who broke with the ruling regime to form his own National Reform Party, "many grants from Japan, Can-

ada, USA, and Britain, given to NDC party functionaries, were misapplied" (*The Ghanaian Chronicle*, August 14, 2000). World Bank loans, provided for various poverty-reduction programs, were not spared.

> According to the government's own Serious Fraud Office, 130.3 million cedis (or $20,000) of the World Bank's poverty-reduction program, intended for the small community farmers of the Afram Plains, was embezzled by Col. D. I. K. Sarfo; I. G. Tetteh; P. P. Adade; C. K. Gyamfi; D. Attrama; E. K. Addai; and B. Acheampong. A World Bank loan of 58 million cedis to Ghana's Statistical Service was stolen by Dr. Oti Boateng, the director. Another sum, 155.4 million cedis provided by the World Bank to the Ghana Statistical Service for a "Living Standards Survey" was misappropriated by Dr. Atadika through the inflation of car rentals and seminar fees. . . .

A total amount of 650 million cedis (about $278,000) allocated to the Tema Municipal Assembly toward the implementation of its Poverty Alleviation Program by the World Bank for the last two years cannot be traced. According to reliable sources, there is no record of the total amount released by the Ministry of Local Government and Rural Development in two batches of 400 million cedis for 1997 and 250 million cedis in 1998 respectively having been expended on any project or projects to alleviate poverty in the Assembly's area of jurisdiction (*Free Press*, January 13–19, 1999; 1).

The regime, which preached World Bank gospel of "accountability" and "transparency," never accepted responsibility for its failures, choosing to blame "external factors" (low prices for exports, tardy disbursement of foreign aid pledges) for the country's worsening economic crisis and even corruption. At the United Nations General Session in New York on September 8, 2000, President Jerry Rawlings blamed Western countries for much of the monumental corruption in Africa, saying they have a responsibility to curb the menace so as to promote good governance on the continent (*Pan-African News Agency*, September 8, 2000). But Ghanaians never bought this claptrap, turning out massively to toss the regime out of office at the December 7, 2000, elections with more than 70 percent voter turnout.

Said an angry Alex Bokuma of Tamale (Ghana) to the IMF:

> For so many years you lauded Ghana as a success story. Ghana became your model country for Africa and you seized every opportunity to praise Mr. Rawlings for swallowing all your policies as if they were God-sent. Now that Rawlings has been kicked out, you make a U-turn and ask Ghana to pay 39 million American dollars because the NDC government lied about the economy.
>
> Our only reward for being your success story is a shattered economy. You will forever be remembered for leading us to the status of a heavily indebted poor country. You lied to the whole world about the success of your policies in our country.
>
> Shame on you. (*BBC Focus on Africa*, August 7, 2001, "Letter of the Day")

In March 2001, the incoming Kufuor administration had placed Ghana, the Bank's "star pupil" on the HIPC intensive care unit and on July 5, 2002, the outgoing World Bank resident director in Ghana admitted that the Bank probably made a mistake in tagging Ghana an "economic success story." Ghana's real per capita income was about 10–15 percent below 1983 level when the Structural Adjustment Program was launched in 1983.

The decline in Ghana's economy was stabilized with the election of President John Kufuor in 2000. The growth rate improved to 5.6 percent in 2003. Oil was discovered in 2004 and the country's prospects became brighter. The NDC retook power in 2008 and the country started going downhill again, despite a visit by US President Obama in July 2009.

The export of oil and political stability again made Ghana a model African country. But following reckless government spending, capital flight, and corruption scandals, the prognosis looked rather bleak by November 2013:

- Of the countries in the world with a free press, Ghana had been ranked the third most corrupt by Gallup;
- The growth rate dropped precipitously from 14.4 percent in 2011 to 7.1 percent in 2013;
- Debt levels were unsustainably high: total debt was 49.3 percent of GDP; the 2013 budget deficit was 12 percent of GDP;
- Fitch, an international credit rating agency, twice downgraded the country's bond rating from B+ to a B;
- The IMF warned that the country was approaching a Highly Indebted Poor Country (HIPC) status;
- Foreign donors cut budgetary support for Ghana.

The government was broke; it had no savings to finance capital expenditures. People were suffering severe economic hardships and losing confidence in

the ability of the government and its institutions to resolve the looming crisis. In fact, the national Trade Union Congress set November 18, 2013, as a date for a national strike to protest exorbitant utility tariffs and high cost of living.

Structural Deficit Problem

Assume your income for the year is GH¢17,000. Your day-to-day living expenses amount to GH¢12,000; your savings are GH¢5,000. Out of that savings, you may buy a television set, a fridge, pay for a house, etc. These are called your **Capital Expenditures**. But if your living expenses are GH¢15,000 and capital expenditures are GH¢5,000, and you have GH¢4,000 in arrears to clear, then you are in trouble. You may borrow from your relatives to cover your deficit, but you cannot borrow forever. This situation was exactly where the government of Ghana found itself in November 2013.

Total Revenue and Grants . . . . . . GH¢16.8 billion
Recurrent Expenditures . . . . GH¢15.9 billion
Capital Expenditures . . . . GH¢4.9 billion
Arrears Clearance . . . . GH¢3.8 billion
DEFICIT. . . . . GH¢7.8 billion

[Note: The actual deficit in the budget was GH¢8.6 billion, which includes wage arrears and discrepancies.]

The situation had persisted since 1998—a chronic deficit problem, meaning,

1. The government had no savings out of which to finance its capital expenditures. So if a road had to be built at a cost of say $10 million, the government would tell the contractor to look for funds. Of course, the contractor would seek a “financial engineer,” who would seek funds at a high cost source and take his commission. In the end, the road construction which should cost $10 million would check in at $40 million. If the government balked and refused to pay, it would end up in court for a “judgment debt.” If the contract was canceled, then the government would be liable for cancellation fee, payment for any work done on the project as well as any penalties. Indeed, there was a whole slew of scandals about them. One was the $10 billion STX Housing deal with a Korean construction company. The contract with the government of Ghana was to construct 200,000 houses in Ghana within a period of five years for “service personnel”—police force, prison guards, military personnel, etc. Another such borrowing that has raised the ire of Ghanaians was a $3 billion loan from China arranged on barter terms. In exchange for the loan, China demanded a daily supply of Ghana crude oil of 13,000 barrels—the entire portion of the government of Ghana’s share in Jubilee Oilfields—for the next fifteen and a half years!

2. To close the budget gap, the government had to either:
a. Borrow, or
b. Raise revenue by raising taxes

Borrowing

The government could borrow from three sources to finance its deficit:

1. From foreign sources by issuing bonds. But if the government flooded foreign markets with Ghana Government Bonds, they would eventually lose their value, which was why Fitch downgraded Ghana Bonds to a B rating in 2013;

2. From the Bank of Ghana by issuing Treasury Bills and Bonds, but this source of financing is always inflationary as it increases the supply of money;

3. From domestic commercial banks. This source of borrowing scoops up available domestic savings, crowds out the private sector, and makes it hard for private businesses to find capital for business expansion to employ workers. Excessive government borrowing from domestic commercial banks was one reason why the interest rate was very high, hovering around 23 percent in 2013. This kind of interest rate hurt the economy because it discouraged any long-term investment. It directed investors into those speculative, quick-return type of investment, which was often import/export for a quick turnaround.

Raising Revenue

African governments are always hungry for revenue. But because the income tax base is small, any revenue enhancement strategy falls heavily on excise duties and commodity taxes. So the Ghana government slaps taxes on anything that moves. For example,

- Utility bills—80 percent increase;
- Water—50 percent increase;
- Petrol—30 percent increase;
- Then telephone, airport tax, vampire tax, etc.

Back in 1995, Ghanaians, fed up with increased taxes, staged “Kume Preko” (“You might as well kill me”) street protests in Accra. High excise taxes not only affect consumers but businesses as well. Increases in utility bills raise the cost of doing business in Ghana. On the one hand, the government wanted to encourage industrialization, but on the other hand, it was

killing off privates businesses with high excise taxes. If the government wanted to balance its budget it should have cut its own spending. It couldn't ask people to tighten their belts and refuse to do so itself.

Cutting Government Expenditures

The problem was a bloated bureaucracy and a government whose size had grown so rapidly that it was suffocating the economy. In 1997, there were eighty-eight cabinet and regional ministers plus their deputy ministers in Ghana with a population of 25 million. In 2004, the number reached ninety-two, and by 2013 it had shot up to ninety-seven. By comparison, the United States, with a population of more than 300 million, has only forty secretaries and assistant secretaries.

In Angola, President dos Santos has a cabinet of thirty-three ministers and fifty-five deputies, one of the largest governments in the world. In addition, the president has his more influential shadow cabinet within the presidency, run by two ministers of state, one minister, and twelve deputies. Kenya has ninety-four ministers and deputies (*The Economist*, April 23, 2009).

Indeed, Ghana's public sector is riddled with overspending, wasteful practices, willful extravagance with public funds, and financial irregularities and profligacy. Too many ministries and government agencies mean overlapping jurisdictions and functions and soaring government expenditures.

Parallel Institutions

The explosion in government bureaucracy is due to the tendency to create "parallel institutions" when existing ones do not work. The legal or normal court system is one prime example.

One legitimate and perennial complaint by Flight-Lieutenant Jerry Rawlings was the tardiness with which the normal court system deals with cases of corruption in high places. The normal process is for the attorney-general to prosecute corrupt government officials through the normal court system. But the rich and powerful with high-powered lawyers can exploit loopholes in the legal system and escape scot-free. In the early 1980s, the Rawlings regime created Public Tribunals to close such loopholes and dispense justice swiftly. However, Western donors were uncomfortable with "tribunals," which sounded militaristic. So, in the 1990s, a Commission on Human Rights and Administrative Justice (CHRAJ) was created in 1993. When that did not work well, another parallel institution, the Serious Fraud Office (SFO) was created in 1996. When President John Kufuor took office in 2001, yet another entity, Fast Track Courts, was created. Meanwhile, deficiencies or weaknesses of the existing institutions remained unfixed.

The absurdity of all this became apparent when the "Woyome scandal" broke in early 2012. A businessman and self-acclaimed financier of the ruling NDC party received a GH¢51 million judgment debt for the cancellation of a contract to refurbish sports stadia. It was later discovered that he had no contract with the government. However, when the corruption scandal broke, a plethora of government agencies and institutions with conflicting jurisdictions began investigations. They were the Police, Bureau of National Investigations (BNI), the Attorney-General's Office, CHRAJ, SFO, Fast Track Courts, the Public Accounts Committee of Parliament, and then on top of all these, the president set up the Economic and Organized Crimes Office (EOCO). And the icing on the cake was that the huge armada of investigators were all on government payroll. Eventually, the case got to the Supreme Court, which ordered Woyome only to refund the money. In other words, there was no punishment for criminal wrongdoing and attempting to defraud the state.

Another parallel institution is the Council of State (CoS), made up of twenty-five members, designed to advise the president. It was supposed to be modeled after Africa's own indigenous institution, Council of Elders (CoE), but the process was debauched. In the traditional system, the appropriate advisory body is the *privy council* or *inner council of advisors*. This privy council is selected by the chief to advise him on policy issues. The CoE, in contrast, serves as a legislative body, not an advisory body. The CoE, together with the chief, passes laws. The chief cannot pass any law without the CoE, and, if the chief is bad, the CoE can remove him from power. Further, the CoE is independent; the chief cannot appoint or dismiss any of the councilors, who are heads of extended families in the village. These families choose their own heads.

By contrast, the CoS is not independent; the president appoints eleven of its twenty-five members. It has no power to remove a bad president and it is not a legislative body; Parliament is. Further, the president has his own retinue of advisers—from ministers at the presidency to presidential aides. The excessive duplication of advisory functions simply swells the government payroll.

The CoS is the product of a 1992 constitution that suffers from other multiple defects. Among them

is the District Assembly (DA) system, also modeled after the traditional system but created as a truncated and confusing political system: no-party politics at the district level but at the national level. Further, the constitution allows the president to appoint 30 percent of DA members, effectively abrogating its independence. Other defects include showering the executive with too much power, inserting indemnity clauses and taking too many pages. The constitution should not be more than twenty pages.

The Government Wage Bill

The multitude of parallel institutions and bloated bureaucracy created a huge government workforce of over 700,000 workers and a wage bill that consumed 70 percent of the budget. In addition to the ninety-seven cabinet ministers and deputy ministers in 2013, there were ministers of state at the presidency, presidential staffers, advisors, Council of State, etc. How many advisors did the president need? Then there were—at each ministry—principal secretaries, deputy principal secretaries, assistant deputy principal secretaries, etc. And as mentioned in Chapter 3, each one of them must have a government bungalow, Pajero (SUV), saloon car, garden boy, cook, day watchman, night watchman, security guard, and their utility bills paid by the government

There were some high government officials who for the past twenty-five years had not paid a single pesewa in rent or utility bills. Most infuriating was that, at the end of their service, they wanted the government bungalows sold to them at fire sale prices with loans from the same government! If the government were serious about tackling its structural budget deficit problem, it would do any of the following:

- Reduce the number of (ninety-seven) cabinet ministers and deputy ministers by half.
- Abolish these ministers of state at the presidency.
- Abolish the Council of State and other parallel institutions such as Fast Track Court, CHRAJ, National Centre for Complaint, etc. Fix the existing institutions.
- Abolish the perks and privileges; they are a relic of the colonial past. To entice British citizens to serve in the colonies, the colonial government offered them government bungalows, gardeners, cooks, etc. These perks are not needed to entice Ghanaians to serve in their own government.
- Retrieve state property. Take back all those government bungalows that had been handed over to former government officials. Seek the return of all the Sakumo Flats to the state.

Instead, the government of Ghana decided to go to the IMF in August 2014 for a bailout. On October 24, 2014, Standard and Poor's (S&P), one of the largest credit agencies in the world, announced that it had downgraded Ghana's long-term currency credit rating from "B" to "B-," a decision that moved the Ghanaian cedi dangerously close to "junk" status. S&P made the assessment arguing that despite successful billion dollar loans issued to Ghana by international investors, "the Ghanaian economy was in a precarious situation considering staggering current account deficits" (*Sahara Reporters*, October 25, 2014).

Uganda

By African standards, Uganda also performed well in the 1990s and President Yoweri Museveni made credible, serious, and committed efforts at reform. Unfortunately, dangers lurked behind the corner. As previously mentioned, the 1998 World Bank mission to Uganda reported "widespread accusations of non-transparency, insider dealings, and corruption." Embezzlement was rampant in the ministries of health and education and the Ugandan Electoral Commission. Donor funds intended to support projects aimed at alleviating poverty were embezzled and never reached the poor.

Other problems soon surfaced. First, Uganda's economic recovery was not sustainable as it was "aid-induced." Dependent on the international community for 55 percent of its budget, it was doubtful if the recovery could be sustained if the aid spigot were turned off. Second, massive coffee exports had been the prime engine of the country's economic growth. A fall in coffee prices could pose a serious threat to Uganda's recovery. Indeed, in 2000, coffee prices began to fall in international commodity markets. By May 2001, coffee prices had plummeted to a twenty-year low and in 2004 remained at a thirty-year low. The slump in prices reduced export income. In 1996, Uganda's export earnings from goods and non-factor services stood at $786 million. However, they fell to $596 in 2000 (Bank of Uganda, 2001). Uganda's exports were predicted to drop $200 million by the end of 2015 due to a decline in global trade, worsening the "already weak balance of payments" (*AllAfrica.com*, November 6, 2015; web posted). Thus, Uganda's economic performance remains highly vulnerable to commodity price fluctuations.

Third, information indicated that fiscal discipline was slipping with government expenditures spiraling out of control—fed by huge expenditures for military adventures in the Congo. Contrary to efforts to implement measures for improving the efficiency and transparency of the privatization process, progress in this area was significantly slow, including measures for reforming the ministries and the civil service. Revenue receipts had been inadequate to meet rising expenditures. Indeed, tax collection was characterized by highly corrupt and inefficient tax administration. The banking system also came under severe pressure due to weak prudential regulations and supervision. Insolvent ones were ultimately closed. In an uncertain economic environment reflecting poverty, and scant gains in human and social development, Uganda was ravaged by the HIV/AIDS epidemic. Although President Museveni earned high marks in the battle against HIV/AIDS, the epidemic led to a reduction in life expectancy adversely affecting the working population, and created a large number of orphans and great pressure on the government's health budget.

Fourth, the decrepit political system posed a grave danger to the economic recovery. Uganda is a de facto "one-party state" with the political arena dominated by President Museveni's National Resistance Movement. Constitutionally, Ugandans can form any political party they wish but they cannot campaign nor hold rallies since it is illegal to assemble more than six persons for a political function. President Museveni, who declared in 1986 when he became president that no African leader should be in power for more than ten years, was a different president in 2004. Rather strangely, he tried to block or override a constitution clause that limited his tenure to two terms. It is the same African disease encountered in Angola, Chad, Guinea, and Namibia, where incumbents seek to gut the two-term rule they themselves agreed to.

Fifth, progress on economic reform was in danger of being throttled by corruption, which had become a serious problem in Uganda and had penetrated all levels of society. A review by the opposition group, Uganda Debt Network (UDN), claimed that Uganda had been ranked among the most corrupt countries of the world and that 80 percent of business in Uganda pays a bribe before accessing a service. UDN further estimated that more than 1 trillion Ugandan shillings (equivalent to more than $700 million) had been lost through corruption in government departments from 1984 to 1999 (*UDC Newsletter*, January 2003; 1–4). Indeed, studies by the Inspector General's office revealed that the police, judiciary, and health departments were the most corrupt in the country. Public disgust and intolerance of corruption had been growing daily, fed by press reporting and parliamentary investigations. Although Uganda took steps to create anti-corruption agencies, there was lack of political will to provide adequate resources for these agencies to function effectively. As a result, corruption, especially in relation to privatization, continued almost completely unabated. In the year 2000, Transparency International ranked Uganda as the third most-corrupt country in the world—a slippage since the country was ranked only twelfth in 1996.

President Yoweri Museveni pledged to root out corruption but few believed him and to date only limited progress has been made. International donors expressed their strong collective concern about corruption in Uganda at the November 1997 Consultative Group meeting on Uganda held at World Bank offices in Paris. Almost all the delegates cited corruption as a serious impediment to Uganda's economic progress.

Hardest hit was the privatization program—an important component of Structural Adjustment Programs and often a pre-condition for loans from the World Bank and the IMF. In 1992, in accordance with loan conditionalities, the government of Uganda began a privatization effort to sell off 142 of its state-owned enterprises. However, in 1998, the process was halted twice by Uganda's own Parliament because it had been "derailed by corruption," implicating three senior ministers who had "political responsibility" (*The East African*, June 14, 1999; www.allafrica.com). The sale of these 142 enterprises was initially projected to generate 900 billion Ugandan shillings or $500 million. However, by the autumn of 1999 the revenue balance was only 3.7 billion Ugandan shillings. This discrepancy occurred due to the government's mismanagement of the privatization process covering three parastatals: the Ugandan Commercial Bank, illegally bought by Museveni's brother; the Uganda Airlines Corporation; and Trans-Ocean.

Uganda Commercial Bank (UCB) was the largest bank in the country, controlling over 80 percent of the commercial banking market. It was sent into bankruptcy by brazen looting of the ruling clique. Senior members of the ruling National Resistance Movement (NRM) took huge loans worth over 62 billion shillings ($164.5 million), which were later declared as "bad debts." *The Monitor* (October 26–28, 1994) reported

that "the names behind Uganda Commercial Bank's bad debts include some of the most famous and prominent politicians, soldiers, bankers, and businessmen." The paper went on to reveal military officers collectively owed the bank at least 281.25 million shillings.

As previously discussed, President Museveni and the presidents of Rwanda and Burundi were accused by a United Nations panel of taking advantage of the civil war in the Democratic Republic of Congo and plundering the country's mineral resources.

On December 19, 2005, the International Court of Justice, the United Nation's highest court, ruled that Uganda's invasion of the Congo was unlawful and that Uganda must pay reparations for the plunder of Congo's mineral resources. Estimated damages from Uganda's invasion reached $10 billion.

The country did perform well from 1992 to 2010, recording an impressive 7 percent average gross domestic product (GDP) growth, and halving the number of people living in abject poverty from 56 percent of the population in 1992 to 24 percent in 2010. However, as we indicated earlier, the high growth rates are not sustainable since they are largely dependent on foreign aid. In November 2013, the UK cut aid to the Ugandan government, accusing its officials of stealing billions of shillings in aid money. *The Express* of UK said 1.3 million pounds, approximately 5.2 billion shillings, was diverted by government officials (*Sunday Monitor*, November 7, 2013). The cut in aid probably slowed economic growth to 3.4 percent while inflation soared to double-digit levels for most of 2011 and 2012.

Meanwhile, the country still faces serious challenges, not the least of which is political uncertainty. Political stability is not assured by having one person rule for life. There is speculation that President Museveni may retire in 2022. There are also unconfirmed reports that he is grooming his son, Muhoozi, to succeed him. All of these add to uncertainty and have served as a recipe for political turmoil and implosion in postcolonial Africa. Gaddafi of Libya, Ben Ali of Tunisia, and Hosni Mubarak of Egypt tried to groom their sons to succeed them but failed miserably.

Why SAP Failed in Africa

A heated emotional debate erupted over the success or failure of Structural Adjustment Programs in Africa. Much of the controversy derived from involvement of the World Bank and International Monetary Fund in Africa's adjustment programs. These two institutions, deservedly or not, have had a rather poor image in Africa. Their involvement in any program on the continent draws automatic suspicion and flak. This is unfortunate since the efficacy of a program should be assessed objectively, regardless of its sponsor.

A program may fail for a variety of reasons. It may be poorly designed and poorly implemented, and this may have nothing to do with the Bretton Woods institutions or the SAP itself, just as Africa's problems with democratization have less to do with sponsoring Western agencies or "the inherent flaws in [the] principle of democracy." In addition, the success or failure of a program depends upon the existence—or lack thereof—of supporting institutional infrastructure. For example, the removal of price controls alone does not automatically establish a free market. Such a market requires the existence of supporting infrastructure and institutions that establish civil society, fairness, due process, and rule of law. These supports include a private press (for the free flow of information), freedom of expression, an independent judiciary/legal system (to uphold the rule of law, enforce market contracts, and protect private property rights), and an independent central bank.

Meaningful market reform cannot endure if the legal system is not functioning and has been replaced with tribunals or kangaroo courts. In the absence of the rule of law, commercial properties can arbitrarily be seized by the state without due process. Where the central bank is under the thumb of the government, the state can gun the money supply, wreaking disastrous inflationary havoc with fragile financial markets and business decision-making.

Since SAP is often referred to as "the bitter IMF pill," perhaps a more fruitful method of assessment is to use a patient–doctor analogy. A sick patient goes to see a doctor, who performs some tests. After determining the cause of the ailment and making a diagnosis, he prescribes a medicine. Whether the medicine cures the patient or not depends on a host of other variables that have nothing to do with the doctor. For example, to be effective, certain medications must be taken three times a day. It may not work if taken once a week. In addition, the medicine only will work under certain conditions. For example, it should be taken before meals, and the patient, while on the medication, may not consume alcohol or coffee, which may counteract the effectiveness of some drugs. Clearly, a patient who does not follow this regimen would not be cured.

By the late 1980s, it was clear that many African economies were "sick." Their governments saw the

"doctor" (the World Bank/IMF), which prescribed SAP. Keep in mind that the World Bank was not the only "doctor" around. If an African government loathed the World Bank and its "fees," there were other "doctors" to consult. After years of "adjusting," however, Africa's economies were not "cured." The reason was simple: although the pill was the right medicine, it was prescribed by the wrong doctor (World Bank), administered by the wrong nurse (a gangster African state), and implemented using the wrong tactics. Note: only one "right" but three "wrongs."

The "Right" Medicine

In the postcolonial period, African governments, under various ideological guises, arrogated onto themselves the power to intervene in almost every conceivable aspect of their economies, ostensibly for "national development" and to protect the new African nation against "foreign exploitation." They were suspicious of "capitalism," with most of them opting therefore for socialism. Under socialism, a large role was envisaged for state participation in the economy through the operation of state-owned enterprises and the institution of a plethora of state controls.

Subsequently, state controls and state hegemony in the economy became pervasive. The bureaucracy swelled with payrolls padded with government/party supporters. The controls created shortages and opportunities for illicit enrichment by the elites and bred a culture of bribery and corruption. In addition, they killed off the incentive to produce. Inevitably, the state sector became grotesquely inefficient and wasteful. The rot at the government house propelled the military to intervene in politics. Notwithstanding the fact that the soldiers often made matters worse, their primary objective was explicit: to clean house. And most Africans would agree that the state sector had to be cleaned up and government operations rationalized.

The basic thrust of SAP—to grant greater economic freedom to the people—is unassailable. The pervasive control African governments wield over their economies needs to be rolled back. Peasants who produce foodstuffs and cash crops should be allowed to keep a larger portion of their proceeds. Countries that move away from a state-controlled economy toward greater reliance on the private sector generally do better economically. Innumerable examples, from Asia to Latin America and the former Soviet bloc, can be adduced for testimony. The stupendous growth of China in the new millennium further attests to the correlation between economic liberalization and economic prosperity.

It should also be recalled from Chapter 5 that African natives enjoyed much economic freedom in their own indigenous economic system before the advent of the colonialists. They themselves determined what they produced and sold their surpluses at free village markets. Prices were determined by bargaining, not fixed by chiefs. Free trade and free enterprise were the rule. But after independence, African governments stripped them of their economic freedoms. "Throughout the continent, the problem has been policies that don't encourage farmers to be more productive," said Mario Quinones, the head of the Sasakawa project in Ethiopia (*Washington Post*, May 25, 1998; A18).

Where **economic** reform was implemented, the results were spectacular. The purpose of economic reform is to free businesses from the stranglehold of state controls. It may be recalled from Chapter 4 that three terms explain the stupendous peasant prosperity from 1880 to 1950: peace, infrastructure, and economic freedom. State controls and regulations have stifled economic freedom in many African countries. Economic Freedom of the World measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to enter markets and compete, and security of the person and privately owned property in five broad areas:

- size of government: expenditures, taxes, and enterprises;
- legal structure and security of property rights;
- access to sound money;
- freedom to trade internationally; and
- regulation of credit, labor, and business.

The Heritage Foundation, *The Wall Street Journal*, and the Cato Institute, as well as other think tanks, publish the *World Index of Economic Freedom* annually. Generally, countries with greater economic freedom out-perform those that are not economically free. Of the thirty-eight countries at the bottom of the Index for 2014, twenty-nine of them were from Africa. (See www.heritage.org/index.)

A few African countries, such as Egypt, Ghana, Mozambique, Tanzania, and Zimbabwe, performed remarkably in the initial phases of reform to restore economic freedom. Once free of statist controls, Tanzania's agriculture expanded annually at 5 percent in

the early 1990s. State-owned enterprises that Tanzania privatized also chalked up spectacular results.

The Ashanti Goldfields Corporation of Ghana is another example where privatization turned a moribund state-owned corporation around. The AGC, which accounted for 20 percent of Ghana's foreign exchange earnings, increased its output from 272,000 ounces in 1987 to 355,700 ounces by the end of 1989. "This represented an increase of 30.8 percent over the last three years" (*West Africa*, February 5–11, 1990; 190). Other state-owned enterprises chalked up impressive turn-around after privatization:

> Most of the enterprises divested by the state had been modernized and brought back to life. The magnificent Golden Tulip Hotel, formerly Continental Hotel, at the time of its divestiture, had about 116 employees. Services at the then hotel were nothing to write home about. Today, the hotel under new management and new name now has 347 employees. The service of the hotel is rated number one in the hospitality industry.
>
> Tema Steel Works at the time also had about 130 employees with very poor production figures. After six years of operation under new management and injection of fresh capital coupled with the modernization of its production line, the company can now boast of about 584 employees.
>
> Alongside the government's stake of 25 percent, Swiss company Industrie Bau Nord, with more than 40 years experience in Africa has turned around Tema Food Complex—now Ghana Agro-Food (GAFCO), rehabilitating its plant and machinery, doubling output and increasing its workforce from 494 to 1,600.
>
> The Coca Cola Company Limited which was formerly a subsidiary of the state-owned Ghana National Trading Corporation had a pre-divestiture employment of about 340. After just three years of operation the workforce of the company has not just increased to about 530, the company has also increased its production figures and added a new line of drinks to the existing ones. The same pattern exists at the Ghana Rubber Estates Limited. Prior to divestiture in 1996, there were about 3,085 workers. Current statistics indicate that the company now has more than 3,833 employees.
>
> Another success story of the privatization program was the divestiture of Ghana Telecom. The company was privatized in December 1996, by selling 30 percent stake to a consortium of strategic investors led by Telekom Malaysia. Since 1997, when the new managers of Ghana Telecom rehabilitated and installed new facilities, the services of the company have shown remarkable improvement. As at the end of February 1998, the company had delivered more than 27,000 lines and installed more than 1,000 pay phones in most urban cities. This exceeds the contractual agreement of the company to deliver 25,000 direct lines and 300 pay phones (*Daily Graphic*, January 4, 1999; 23).

These **few** examples—and many others exist—show that macro-economic restructuring of an economy away from a state-controlled system does work, if pursued with dedication, seriousness, and honesty. As Stephen Buckley, a foreign correspondent, noted in the *Washington Post* (May 25, 1998), after the removal of price controls and providing better incentives to farmers:

> Ghana doubled its corn production between 1986 and 1996. Nigeria's corn output leaped by 50 percent between 1990 and 1996. Mozambique, emerging from nearly two decades of civil conflict, has seen agricultural output grow by 50 percent. In the past decade, Ugandans have doubled or tripled production of several main crops." (p. A18)

In Tunisia, the government ran the airline, the steel mill, the phosphate mines, and 150 factories, employing a third of Tunisian workers. Under a privatization program, private businessman Afif Kilani bought one such company called Comfort, a featherbed for 1,200 workers who built 15,000 refrigerators a year. Mr. Kilani paid $3.3 million for the place in 1990. Five years later, he had whittled the workforce down to 600 workers who made 200,000 refrigerators a year. "Like all state companies, its point had been to support the maximum number of jobs," he said. "It was social work. A sort of welfare" (*The Wall Street Journal*, June 22, 1995; A11).

Wrong Doctor

Over the years, the credibility of the Bretton Woods institutions eroded considerably. According to the *Times of London* (September 2, 1999):

> The decline of the IMF is linked to the perception that it had become little more than a proxy for Western, and notably American, commercial and strategic interests. Having allowed Western banks to go scot-free in Thailand and Korea, it played hardball in Indonesia, but this had less to do with combating charges of moral hazard and everything to do with America's desire to topple President Suharto. Moral hazard returned with a vengeance in the case of Russia, which in August 1998 was handed $22.6 billion on very weak conditionality because Amer-

> ica required that Boris Yeltsin should be supported at any cost. America's role is less than edifying. It has long used the IMF as a tool for remaking the world economy in its image, but has woefully failed to meet its obligations as the world's economic superpower. It has failed to tackle its arrears in funding to the IMF."

In Africa, the Bretton Woods institutions, deservedly or not, have had a rather poor image and low credibility. As such, their involvement in any development program on the continent draws automatic flak and politicizes the issue. The late Julius Nyerere, for example, characterized the World Bank and the IMF as "imperialist institutions and devices by which powerful nations maintain their power over poor nations" (*Time*, January 16, 1984; 39). Marxists charge that the real objective of the IMF-sponsored liberalization measures in Africa is not domestic economic recovery but rather the "penetration of imperialist capital." Leftist radicals have denounced conditionality as unwarranted imperialist interference in their internal affairs. "The SAP as a strategy—a monetarist prescription of the supply-side economics variety—however, gave more power to donors in the planning and supervision of domestic African enterprises, and as a result most African countries who espoused SAP are poorer now than they were two decades ago" (*African Link*, First Quarter, 1998; 10). In Kenya, "the World Bank's policies were viewed as a monster that no one wants to hear about" (*The African Observer*, September 28–October 11, 1995; 21).

This kind of emotional rhetoric unnecessarily politicizes the debate and impedes the search for solutions. Additionally, it provides a convenient shield for incompetent African despots to conceal their own failures. They claim acceding to structural adjustment in this atmosphere amounts to succumbing to foreign dictates—a problem compounded by the fact that there is often no African input in the design of the programs—the very people who would be most affected by World Bank decisions. As Wayne Ellwood wrote:

> Time and time again local communities are ignored. Misconceived, harmful development projects are dropped in their laps without consultation and the people of the industrialized countries, who bankroll most of the Bank's activities, are asked to pay the bill.
>
> The Bank needs its own *glasnost* so that informed public debate can take place, says Probe International's Pat Adams. "Decision-making," she adds, "should be returned to the people who have to live with the physical consequences of the decisions; they're the people with the best judgment about what risks to take with their environment." (*New Internationalist*, December 1990; 6)

The World Bank employs the services of management consultants. About 80,000 expatriate consultants work on Africa alone. Less than 0.1 percent are Africans. In 1988, the World Bank spent close to $1 billion on consultants on SAPs. Characterizing this as the "great consultancy rip-off," South (February 1990) noted:

> There is increasing concern (World Bank) advice is often overpriced, poorly researched and irrelevant. Although some management consultants give value for money, many simply recycle standard off-the-shelf reports, regardless of whether they are appropriate, say critics. Frequently, management firms send rookie staffers with little experience of Africa to advise on sensitive political issues there. Or they provide theoretical studies, full of high school economics, but with no practical applications. . . . One top World Bank man, who declined to be identified, says that of all the countries in Southern Africa, the only government which gets value for its money from management consultants is Botswana, which has a rigorous bidding procedure for the work. (p. 42)

The World Bank's credibility has been most battered in Africa. Back in the 1960s and 1970s, it funded disastrous statist policies—for example, the establishment of state-owned enterprises (SOEs)—in such African countries as Cameroon, Ghana, Ivory Coast, Kenya, Nigeria, and Zaire. Imagine the World Bank telling African governments to dismantle the very same statist structures it had helped them build! The World Bank's support for statism was reflected in its lending policies. Most of its loans focused on government-devised infrastructure projects. For example, throughout the 1980s, the Bank committed about 80 percent of its funds to government enterprises, or parastatals.

The IMF, on the other hand, provided less direct support for statism. Its focus was on balance-of-payment disequilibria and its loans were subject to conditionalities such as devaluation, trimming budget deficits, and general macroeconomic management. However, IMF emphasis and insistence on conditionalities and macromanagement had the effect of reinforcing the notion of state management and control. An African government that followed IMF prescriptions would solve its country's economic problems. Nothing could have played more into the hands of

Africa's statist governments. "For 30 years, Zambia's statist policies of import-substitution, subsidized food prices and state enterprises were backed by Western economic advisers including the World Bank. True, the IMF always disliked them, but then, as one IMF official says privately: 'Why did we lend $1.2 billion to a government whose policies we disapproved of?'" (*The Economist*, July 1, 1995; 34).

As Whitaker (1988) noted:

> From the early 1960s on, the World Bank and the International Development Association supplied at least 25 percent of the loans to Africa. U.S. aid fluctuated widely, doubling during the Kennedy and the Carter administrations, and receding in the mid 1980s when the United States itself became a major debtor nation. Yet throughout this period, the World Bank, the United States and most Africans felt that development would occur by creating industries and services which would expand and diversify the economy. Governments themselves would move into areas that Europeans and Asians nearly monopolized. The United States and the World Bank actively supported national planning as the basis for government activity and their own projects. (p. 66)

Said Stephen Thomillionon in a letter to the editor in *The Washington Times*:

> Behind the World Bank's astounding incompetence is its basic economic philosophy, which is more in line with that of the old Soviet Union than the West. Its preferred way of operating is to set up some Soviet-style development "project" that in one fell swoop is supposed to lift the economic status of the area to a higher plane. Of course, such projects are usually done more or less as government programs, resulting in theft, bribery, kickbacks and other corruption on the part of government officials. (*The Washington Times*, June 20, 1995; A18)

Even more bizarre, the World Bank itself was afflicted with the same ailment it set out to cure in Africa: corruption, nepotism, and bloated bureaucracy. While it was exhorting African governments to trim their bloated bureaucracies, its own bureaucracy was swelling. Was this a case of "physician heal thyself"? As *The Washington Times* (August 24, 1995) reported: "The World Bankis quietly eliminating 600 positions at its downtown headquarters. By the end of this year, the bank hopes to have identified all the positions that will be eliminated. By the end of fiscal 1997, which begins in July, the bank expects to have saved a net of $96 million over two years" (p. A1). Then came this bombshell:

> The World Bank has hired outside auditors to investigate expenditures from its annual $25 billion fund for development projects after an internal examination uncovered "alarming information" about possible kickbacks and embezzlement, according to bank officials.
>
> World Bank President James D. Wolfensohn said the investigations were triggered by his decision that "if the bank were going to campaign against corruption in our borrowing countries, we had to be absolutely certain that we held ourselves to the highest standards on the inside. (*Washington Post*, July 16, 1998; A1).

Headquartered in Washington, the World Bank has been a major force in global economic development. It employs about 9,000 workers and pours billions into emerging countries each year for projects ranging from infant feeding programs to gigantic infrastructure improvements. The Bank's money comes from selling low interest bonds backed by its 180-member nations. It then lends money to governments of relatively stable emerging nations such as Thailand and Brazil and makes interest-free loans to the poorest nations such as Bangladesh or Uganda. The US Treasury Department and Congress exercise oversight over the Bank's activities. However,

> Questions about program inefficiencies and the many possibilities for corruption in dealing with emerging nations have long surrounded World Bank programs. Wolfensohn, an Australian-born former investment banker who took over as World Bank president in 1995, has talked openly about these issues and encouraged his employees to come forward with concerns. (ibid.)

In 2005, George W. Bush tapped Paul Wolfowitz to clean the place up. To his credit, Wolfowitz made rooting out corruption his primary mission. But he met ferocious resistance and was forced out in 2010. In 2012, when Dr. Jim Yong Kim took over reins of the World Bank, its problems had gotten worse; it was most dysfunctional. It had a 2011 aid portfolio of $57 billion and little oversight by governments that funded it.

Forbes magazine did an investigative report on the Bank, with the conclusion that problems had gotten worse, not better, despite more than a decade of reform attempts.

> The inmates are running the asylum says a former director. . . . Part of the problem is philosophical: No one, starting with outgoing president Robert Zoellick, has laid out an articulated vision for what the World Bank's role is in the 21st century. . . .
>
> Part of the problem is structural: Internal reports,

> reviewed by *Forbes*, show, for example, that even after Zoellick implemented a budget freeze some officials operated an off-budget system that defied cost control, while others used revolving doors to game the system to make fortunes for themselves or enhance their positions within the bank. Why not track all the cash? Good luck: Bank sources cite up to $2 billion that may have gone unaccounted for amid computer glitches.
>
> Sadly, the last part is cultural: The bank, those inside and outside it say, is so obsessed with reputational risk that it reflexively covers up anything that could appear negative, rather than address it. Whistle-blower witch hunts undermine the one sure way to root out problems at a Washington headquarters dominated by fearful yes-men and yes-women, who—wary of a quick expulsion back to their own countries—rarely offer their true opinions. . . .
>
> Numerous managers and vice presidents . . . say that corruption continues unabated. Five years ago a commission led by Paul Volcker drilled into the bank and called it a massive problem. He recommended restructuring the bank's corruption-fighting unit, including moving the leadership into a more powerful notch in the bureaucracy. Zoellick adopted everything in the Volcker plan, but there are big questions today whether it's having a deep impact. . . .
>
> A similar report that the bank buried, attacked, and then ignored was done by another respected internal investigator, Anis Dani. This report found a "dramatic dip" in the quality—meaning effectiveness, impact and results—of bank projects over the past five years, says Dani. He also found a seemingly premeditated effort to remove the only whistle-blower function within the bank that dealt with all its projects, called the Quality Assurance Group. Zoellick's team dissolved it in 2010, and while the bank maintains that it is working on replacing it with something else, Dani calls that claim hogwash. (June 29, 2012)

According to the same *Forbes* article, Carman L. Lapointe was the auditor general of the World Bank, where her team issued sixty internal reports per year on what was really going on inside the agency. Lapointe's reports were candid. "But it led to Lapointe being gently walked out the bank's door in late 2009. . . . The bank's management didn't want to hear the tough messages" (ibid).

> The World Bank is a place where whistle-blowers are shunned, persecuted and booted—not always in that order.
>
> Consider John Kim, a top staffer in the bank's IT department, who in 2007 leaked damaging documents to me after he determined that there were no internal institutional avenues to honestly deal with wrongdoing. Sometimes you have to betray your country in order to save it, Kim says.
>
> In return bank investigators probed his phone records and e-mails, and allegedly hacked into his personal AOL account. After determining he was behind the leaks the bank put him on administrative leave for two years before firing him on Christmas Eve 2010. . . . A five-judge tribunal eventually ordered the bank to reinstate him last May [2011]. Despite the decision, the bank retired him in September after 29 years of service. (ibid.)

The Bank's plan to cut five hundred jobs over three years as part of a broad restructuring meant to make it more competitive and efficient rankled employees. The cuts were announced on October 29, 2014, and represented about an 11 percent reduction in the 4,500-employee workforce of the Bank's internal-facing divisions, including finance, human resources, research, and security—divisions which employ about a quarter of the Bank's total staff, according to *Reuters*. The $400 million the Bank would save would allow it to boost lending to middle-income countries. But,

> Employees complain the bank is overly focused on minor cuts to areas such as breakfast allowances and parking instead of dealing with meaningful changes to the quality and efficiency of the bank's lending.
>
> Staff were also incensed after discovering the bank's chief financial officer, who has pushed much of the cost-cutting, received a $94,000 bonus this year. To quell staff discontent, Bertrand Badre earlier this month said he would forego the $24,000 or so of the bonus that he had not yet received." (*Reuters*, October 30, 2014)

Employees, however, were not mollified and began organizing regular work "stoppages" on Thursdays. They mushroomed into a full-blown rank-and-file revolt in the Bank's atrium, attended by hundreds.

> "The mood here is pretty grim," said one staffer, who asked not to be named. "Many people here have no idea whether they will have a job or not in the future," he added. "The fear is palpable in this place."
>
> Several World Bank employees, who spoke to *The Guardian* on condition of anonymity, said there are serious concerns about the restructuring plans themselves, and anger is also growing over a "climate of fear" in which employees fear retaliation from management for speaking out." (*The Guardian*, December 4, 2014)

"Wrong Nurse"

To compound the problem, the SAP medicine was administered by the wrong nurse. Too many African reformers lacked legitimacy, credibility, and trust. In fact, some "reformers" were the same incompetents who precipitated the economic crisis in the first place. In Burkina Faso, Ghana, Tanzania, and Zimbabwe, the "reformers" were avowed Marxists and socialists, whose conversion to free-market philosophy was at best dubious. Zimbabwe's president, Robert Mugabe, who in 1980 vowed to institute Marxist–Leninism, finally ditched socialism in 1990 and embraced the free market. Yet at ZANU–PF's pre-election congress in Harare in September 1994, he declared ebulliently: "Socialism remains our sworn ideology" (*The African Observer,* January 12, 1995; 9).

In Ghana, the "nurse" was the Provisional National Defense Council (PNDC)—an unrepentant Marxist regime, heavily imbued with a "control mentality." The regime closely associated itself with Angola, Cuba, the former Soviet bloc, Libya, and Nicaragua's Sandinistas. It did not believe in the "medicine," which entailed deregulation and loosening controls on the economy. Nor did it believe in private enterprise and free markets.

As we noted earlier, in the halcyon of the Rawlings revolution (1982–83), stringent price controls were imposed on most commodities and ruthlessly enforced by Price Control Tribunals. Private businessmen were attacked. Traders who violated price controls were hauled into jail and their wares confiscated. Criticisms of these inane economic measures were mercilessly crushed with brutal abandon.

Back in 1982, the World Bank and the IMF were denounced by the PNDC regime as "imperialist institutions dedicated to the oppression and exploitation of the Third World." In fact, Dr. Kwesi Botchwey, the former minister of finance, vowed that Ghana would never bow to the IMF. These economic inanities sent the economy reeling to its lowest nadir in 1983. A 180-degree turn came in 1983 with the signing of the SAP agreement with the World Bank, which astonished even the PNDC's own Marxist supporters. Thus, the PNDC agreed to implement SAP, which was known in Ghana as Economic Recovery Program (ERP), not out of conviction but out of economic necessity, with the hope that the program could be ditched when conditions improved.

To implement economic reform, the regime had to overcome its own self-doubts in order to take Ghana on an economic path fundamentally antithetical to its own borrowed Marxist beliefs. That it did not believe in economic reform was revealed by its often erratic actions and contradictory statements. As mentioned earlier, it assured foreign investors that they were welcome in Ghana and then lambasted them for "exploiting Africa." It preached "accountability" but refused to be held to the same standards. It sought to "liberate" the economy but at the same time keep control structures in place. All these served to confuse investors about the direction in which the PNDC was taking Ghana.

Nor did the regime have any clue as to the causes of Ghana's economic woes, which President Rawlings blamed on the opposition. During a November 6, 1996, campaign tour of the central region, he scowled at opposition politicians, accusing them of "deliberately discouraging investors to come into the country to invest." He also charged that "Opposition politicians destroyed the banking system in the country by borrowing heavily and refusing to pay back (*Ghana Drum*, December 1996; 35). Said an irate Hawa Yakubu-Ogede, a former independent member of Parliament and an opposition politician: "Ghana's economic malaise is not the result of lack of opportunities or of resources. Ghana suffers from the affliction of dishonest leadership" (*The Ghanaian Voice*, February 12, 1995; 8).

The regime's lack of credibility did not arouse public confidence or support in the ERP, which jeopardized its success. The people did not enthusiastically embrace the program. More serious, perhaps, was the failure of the military regime to build a constituency for reform, that is, nurture a group or coalition of groups—in urban or rural areas—to support ERP, even among members of the regime itself. Said the Ghanaian newspaper *The Guide*, in its September 10–16, 1996, editorial: "There was no attempt to convince anyone—not even members of the government—about the rationale for reform. For many Ghanaians, the tendency was to view ERP as a short-term government program that was a basic requirement for receiving aid" (p. 4).

Similar theatrics were on display in Nigeria and Zimbabwe. In 1986, Nigeria's military dictator General Babangida vowed that Nigeria would never go to the IMF and the World Bank to beg for loans. But within three months, he had secretly signed up for SAP. In Zimbabwe, President Robert Mugabe's vitriolic attacks on the Bretton Woods institutions were well known. Therefore it stretched credulity for Mugabe to sign up for SAP.

Wrong Tactics

Even worse was the manner in which the pill was administered. The method chosen by Ghana's PNDC regime was brutal and savage. No attempt was made to cajole or persuade the public to accept belt-tightening. In fact, there was no public debate. Five years after the program started in 1983, the regime scheduled a public debate—that was canceled—until finally held in 1997.

Among the urban population, the important groups were industrialists, workers, professionals, students, and traders. But each was at war with the regime. The PNDC frequently lashed out at workers and threatened to withdraw their right to strike. Nor was any attempt made to associate the Trade Union Congress (TUC) with the economic recovery program. One senior TUC official complained: "The impression given is that the TUC is part of the planning process but it is not. Since 1983 the TUC has not been consulted. We are not in a position to participate" (Herbst 1993, 34). That professional bodies (especially lawyers) and the student population had been thoroughly alienated from the program was already well known. Ghanaian industrialists did not openly embraced ERP because they feared stiff competition from increased imports while market traders did not easily forget the brutal harassment by city officials and confiscation of their wares in the early 1980s.

The rural population was the natural constituency for the PNDC to cultivate for support of ERP. Castigated as "backward," this sector traditionally had been marginalized or ignored by Ghana's political elite. Its fate worsened in the initial phases of the Rawlings revolution, but after 1983 cocoa prices were increased, rural roads were repaired, and electricity extended to them. An attempt was made to give them a real voice with the institution of the District Assemblies. But the rural folks remained skeptical—justifiably so.

The PNDC made no effort to form peasant organizations. The People Defense Committees (PDCs), which were supposed to do that, proved to be ineffective failures. Through their terroristic activities in 1983, PDCs quickly earned the scorn of the rural population. Many chiefs condemned the activities of the PDCs in their areas. Rather unwisely, the regime tried to use these same organizations to rally the peasants for a program that the PDCs themselves had rejected earlier.

Nor did the PNDC establish the environment conducive to investment. A well-functioning legal system is crucial for the success of any economic adjustment program. Both domestic and foreign investors needed to be assured that there would not be arbitrary government actions against business people. Such a legal system establishes an environment that promotes business confidence because it ensures that the economic rights of individuals would not be capriciously violated and their commercial properties arbitrarily seized without due process of law. Strangely, the PNDC made no progress whatsoever in instituting real legal reform. Its frosty contempt for the legal profession was well known.

The absence of a well-functioning legal system and the PNDC's own policy blunders, reversals, and inconsistent rhetoric partly explain why the regime has had extreme difficulty in persuading foreigners to invest in Ghana in the 1980s. According to Goosie Tanoh, a member of the NDC Reform Movement,

> Even though President Rawlings is aware of the level of corruption in the country and has spoken about it, the mechanism that the government has put in place to fight corruption is weak.
>
> At a time when people are being told that the international economic environment does not favor Ghana, that the problems of the Ghanaian economy does not come from within, and people are being asked to tighten their belts a little bit, we see others widening their belts.
>
> If it becomes difficult for the NDC Reform Movement to have changes we are calling for in the NDC Party, we will form a new party to carry our messages across." (*The African Observer*, October 5–18, 1998; 5)

Elsewhere in Africa, the commitment to reform was demonstrably weak. Nigeria's privatization program was implemented half-heartedly with little conviction. Hamza Zayyad, chairman of the Technical Committee on Privatization and Commerce (TCPC), excoriated many state governments for "not doing as much as they should to interest indigenes of their areas in the privatization program. He disclosed that some state governments were even refusing to air advertisements concerning the scheme unless they were paid in advance by the TCPC, adding that some state governments were reluctant to grant loans to their employees to enable them to participate in the program" (*West Africa*, February 19–25, 1990; 284). The TCPC was established by an Armed Forces Ruling Council (AFRC) Decree No. 25 of 1988, with a mandate to privatize 127 state enterprises. Two years later, only seventeen had been privatized. In January 1997, privatization was nixed altogether when Nigeria's military rulers sought to defy what they perceived to be Western free-market orthodoxy.

Little progress was also made in Tanzania—Africa's last haven for state-owned enterprises. In 1985, Tanzania was offering ideological asylum to 460 state enterprises—the largest collection of such "refugee" enterprises on the continent. Two years later, only three had been privatized in spite of the Structural Adjustment Program agreed to and signed with the IMF.

In the public arena, there was much talk but little else. In July 1988, for example, the Tanzanian government under Mwinyi licensed six private companies to set up breweries. Here too, private sector participation was to be allowed to break the decades-old state monopoly on breweries in a restructuring program. But after some of the companies had conducted feasibility studies and arranged financing, the industry and trade minister suddenly abrogated the licenses, claiming that the private breweries would falsify output data and evade taxes.

In 1996, George Mbowe became the head of Tanzania's commission to dismantle government-owned entities. But Mbowe was the same man who played a key role in the nationalization drive launched by President Nyerere in the 1960s, under the failed socialist program of Ujamaa. Most industries were nationalized and agriculture collectivized. But within a decade, more than half of the 330 state-run enterprises were broke and many people were hungry. Was Mbowe now convinced that Ujamaa was a failure and privatization was the right policy? "I would not say Ujamaa was a failure," he offered. "It's just that the government spread itself too thin, building schools and roads" (*The Wall Street Journal*, December 10, 1996; A6).

At the Pan-African Investment Summit on Privatization in Practice, Ishmael Yamson, chairman of Unilever Ghana, dismissed the government's privatization program as "being too slowly implemented. The divestment (privatization) program has already accrued some financial benefit to government, but where has the money gone?" (*The African Observer*, September 13–26, 1999; 18).

In many cases, public confidence in the program was shattered by government dishonesty and tomfoolery. For example, "land grabbing has become a common phenomenon in Kenya. Under the guise of privatization, people close to the president, often, like him from the Kalenjin ethnic group, are suddenly awarded title deeds to state land, a school soccer pitch or a site designated for a clinic (which happens to be a prime development plot)" (*The Economist*, April 18, 1998; 42). And believing that economic development occurs in a vacuum, the government of Angola drew up a grandiose Investment Code (Law 13/1988) to attract foreign investors. Even the *West Africa* magazine was perplexed:

> Why should the foreign investor put money into agriculture, trade or manufacturing in war-torn Angola (or much less Ethiopia, Mozambique, Somalia, Sudan or Uganda) when a host of apparently stable, structurally adjusting African countries (or better yet, Asian and now Eastern European countries) offer opportunities in the same sector and more?" (March 13 –19, 1989; 407)

In Benin, reformist Nicephore Soglo railed against nepotism, lack of accountability, and transparency. Yet he was perpetrating the same malpractice: "His wife, a member of Parliament, is accused of political tinkering. His brother-in-law is minister of state, the country's second-most powerful position. One of his sons is a special adviser. One of his brothers is an ambassador. Even his bodyguards are said to be relatives" (*Washington Post*, March 18, 1996; A11).

Hopeless inability of "reforming" African governments to control their own budgetary expenditures did not help matters. For ten years, there was no audit of public accounts in either The Gambia or Ghana. An audit in 1994 revealed an embezzlement of 535,940 *dalasis* at the Ministry of Agriculture and misuse of 60 million dalasis by the Gambian Farmers' Cooperative Union. In Ghana, the 1993 Auditor–General's Report detailed a catalog of corrupt practices, administrative ineptitude, and the squandering of over $200 million in public funds. A September 27, 1994, audit in Nigeria revealed that a total of $12.4 billion—more than a third of the country's foreign debt—was squandered by its military coconut-heads between 1988 and 1994.

"The Speaker of the Lagos State House of Assembly, Dr. Olorunnimbe Mamora, revealed that the Lagos government account since 1994 has not been audited" (*P.M. News*, July 26, 1999). The former minister of finance, Dr. Kwesi Botchwey, himself admitted of chaotic public expenditure management with the treasury and spending agencies operating at cross purposes (*Ghana Drum*, January 1995; 14).

Politically insecure reforming governments—even military ones—too easily capitulated to special elite interests. The Manufacturing Association of Nigeria opposed the closure of several inefficient industries and even demanded greater protection from the Babangida regime. Riots and demonstrations in 1988 prompted that regime to raise the minimum wage, unfreeze wages in the civil service, and remove the ban on civil service

recruitment. The military was completely exempted from budgetary cuts. In fact, Babangida showered the officers of the armed forces with gifts of cars worth half a billion naira.

His military successor, General Sani Abacha, maintained the controversial dual exchange rate system, which allowed the government to buy foreign exchange at a quarter of its market price and suspended mass privatization of state-owned corporations. "Some say General Abacha bowed to the lobbying of those who gain from the phony exchange rate and the patronage opportunities of state corporations" (*The Economist*, January 25, 1997; 41).

Elsewhere, top African government officials also exempted themselves from cuts. In 1995, in Zimbabwe, barely a month after Mugabe's government stipulated a 10 percent annual salary increase ceiling, top government officials awarded themselves increases exceeding 50 percent. In Tanzania, senior government officials and major politicians exempted themselves from taxes. In 1993 there were over 2,000 such exemptions, costing the treasury $113 million.

The Resistance to Reform

For a variety of reasons, African leaders have not been willing to implement meaningful reform because they are loath to relinquish control or power. They would rather destroy their economies and countries than give up power.

Most African despots have built a cult of personality around themselves with an air of invincibility and infallibility. Their nation's fortunes and destiny are very much tied up with their personalities. Some of them get this absurd notion that the country belongs to them—and them alone. Witness their pictures on currencies and in every nook and cranny in the country. Every monument or building of some significance is named after them. They love the self-adulation. Since accepting reform of any kind is an admission of failure or fallibility, they would put up all sorts of arcane reasons to block reform. The most famous was President Daniel arap Moi's assertion that it took the United States two hundred years after its independence in 1776 to establish genuine democracy. So Kenyans who just gained their independence in 1963 should not even dream of asking for it.

Even when they did, African governments restructured not to save their economies but their regimes. Further, restructuring proceeded in cycles: aborted when the crisis abated and reinstated upon reemergence (Sudan, Equatorial Guinea, Zaire, Liberia). Even during restructuring, measures were often implemented perfunctorily without the conviction and the dedication needed to carry them through. Nigeria, which adopted SAP in 1986, suddenly abandoned its implementation in 1993. In Zambia, President Chiluba, who began "adjusting" the economy soon after his election in 1991, began to waver.

In Sierra Leone, President Momoh declared to Parliament on June 2, l989, that austerity and self-sacrifice must prevail—but not for his government. Large, uncontrollable expenditure items had rendered the budget meaningless. "He explained that the government had continued to fund its activities by printing money, spending in excess of tax revenue, and borrowing from the Central Bank, while the nation's meagre resources were used for imports that were irrelevant to the needs of the economy" (*West Africa*, June 12–18, 1989; 958).

Others might accept reform but willfully sabotage or undermine it to prove that the plan advocated by the World Bank would not work. For instance, President Moi predicted that if Kenya established multiparty democracy, it would degenerate into tribal rivalry and strife. Indeed, after 1991, when Moi bowed to external donors and instituted multiparty "democracy," more than 1,500 Kenyans were killed—mostly Kikuyus but also Luos and Luhyas—and 300,000 displaced in ethnic clashes. Said Nairobi lawyer Gitobu Imanyara, "We have a President who is determined to fulfill his prophecy that the country is not cohesive enough for multiparty democracy. His desire is to prove that he is right, even if it means destroying Kenya as a country" (*The Atlantic Monthly*, February 1996; 32).

Second, state controls allowed African leaders to extract resources which are used to build personal fortunes and to dispense as patronage to buy political support. Occupying the presidency is a lucrative business. Abacha, Eyadema, Mobutu, Moi, and the other kleptocrats amassed legendary personal fortunes. "'Abacha, the late head of state of Nigeria, increasingly monopolized the oil trade himself,' said John Bearman, a London-based oil industry analyst. 'There's no deal that does not go through the presidential villa'" (*Washington Post*, June 9, 1998; A19). Their business empires will collapse if economic reform stripped them of state controls. Economic liberalization could also undermine their ability to maintain their political support base and, thus, prove suicidal. Thus, they profited from their own mismanagement of

the economy. A case in point was that of the late General Sani Abacha of Nigeria.

In 1996 and 1997, more than $2 billion was diverted from the country's four state-owned oil refineries by corrupt Finance and Oil ministers, leading to the collapse of the refineries for lack of repairs. An artificial fuel shortage was thus created, forcing Nigeria to import refined fuels such as gasoline. But almost immediately, the ruling elites saw a profitable opportunity and grabbed that trade too, skimming off a percentage. "The government subsidizes the sale price of gasoline and other fuels, but Abacha loyalists among the officer corps and civil service divert much of the available supply to sell on the black market or to neighboring countries" (ibid.).

The institution of "government" became so corrupted that what came to exist in many African countries was a pirate or gangster state—a "government" hijacked by a phalanx of crooks who used the instruments of the state to "develop" their own pockets. Severin Tchounkeu, publisher of the independent French-language newspaper in Cameroon, described his government as "a giant organized-crime bazaar" (*The Washington Times*, November 5, 1998; A19). When President Jose Eduardo dos Santos marked his fifty-eighth birthday on August 28, 1999, by raising his champagne glass to make a toast to "the fight against poverty and misery," the Roman Catholic Church in Angola reminded him that: "To notch up foreign bank accounts at the cost of hunger, suffering, blood and death of others is a repugnant infamy" (*The Economist*, September 4, 1999; 48).

The British environmental group Friends of the Earth said, "Millions of dollars in overseas aid—going to Ghana's timber sector—had been diverted by local and foreign logging firms which got development aid from the British Overseas Development Administration and the World Bank" (*The African Letter*, March 16–31, 1992; 1). There were cases in Zimbabwe and Uganda showing how crooked African governments hide extra-budgetary expenditures from the prying eyes of the World Bank and the IMF.

After a long wrangle over government spending, Zimbabwe was awarded a $193 million loan by the IMF in August 1999. Zimbabwe had maintained to the Fund that it was spending only $3 million a month on keeping troops in Congo to support the Congolese government. But on October 4, the *Financial Times* reported that an internal memo from the finance ministry showed that the real budget for the Congo operation was getting on for ten times as much: $166 million between January and June. "In response, Zimbabwe's Finance Minister, Herbert Murerwa, said he had satisfied the IMF over the discrepancy. Oh no you haven't, said the IMF soon afterwards and asked for clarification" (*The Economist*, October 9, 1999; 52).

In early September, a senior Ugandan policeman appeared before a commission of inquiry into police corruption in Uganda. He explained that he could not account for a large chunk of the money allocated to the police because such payments were regularly passed on to the Ministry of Defense. "The commission summoned the head civil servant at the defense ministry, who promptly corroborated the story, saying the defense ministry disperses its expenditure among other ministries, because the government does not want trouble from aid donors who insist on limits to military spending" (*The Economist*, October 9, 1999; 52).

Fed up, Chief Bright Nalubamba of the Ila people of Namwala of Zambia urged his villagers to exercise their citizen's right to arrest MMD leaders when they visit their villages to campaign:

> "How can we allow these MMD crooks to come to our villages to ask for more years to complete their destruction of our mother Zambia?" Chief Nalubamba asked. "How can I lend my support to state-propelled hooliganism, vandalism, corruption and scandals?" Chief Nalubamba asked Zambians to effect citizen's arrest, manhandle and cage all MMD "big corrupt thieves" into places designed for crooks and dangerous national law breakers because the police had failed to arrest them. "All of them must be placed under wanted list by the people as the police have failed the nation lamentably," he said. (*The Post [Lusaka]*, May 29, 2001)

The third reason is fear. Many of Africa's heads of state have their hands so steeped in blood and pockets so full of booty that they are afraid all their past gory misdeeds will be exposed if they step down. So they cling to power at all cost, regardless of consequences.

Another source of resistance comes from the sycophants and supporters, often drawn from the leaders' own tribes. Ethnicity adds an even more dangerous element to the democratic reform issue. It casts the issue into tribal rivalry: one tribe, fearing that it may lose its dominant position in government, may oppose multiparty democracy, while the other excluded tribes may resort to violence to dislodge the ruling tribe from power. In Rwanda, "Habyarimana's embrace of reform was conspicuously half-hearted, a capitulation

to foreign coercion. It was universally understood that the northwesterners, who depended on his power and on whom his power increasingly depended, would not readily surrender their percentage. While Habyarimana spoke publicly of a political opening, the akazu (the inner mafia-like core) tightened its grip on the machinery of the state" (Gourevitch 1998, 82).

Other supporters are simply bought: soldiers, with fat paychecks and perks; urban workers with cheap rice and sardines; students with free tuition and hefty allowances; and intellectuals, opposition leaders, and lawyers, with big government posts and Mercedes Benzes. In Nigeria, "Defense and police budgets enjoy the largest slice of the national cake (and even so the figures are understated, since the military imports are paid for with dollars bought cheaply at the government exchange rates)" (*The Economist*, January 25, 1997; 41). Thus, even when the head of state contemplated stepping down, his supporters and lackeys fiercely resisted any cutbacks in government largesse or any attempt to open up the political system.

The final potent source of resistance came from the elites: high government officials, intellectuals, lecturers, teachers, editors, and civil servants. "There were numerous strikes against proposed sell-offs of state enterprises as unions feared loss of jobs or reduced benefits. Student activists, academics and others condemned both the theory and practice of privatization" (UN Recovery, April 2000; 8). This class benefited immensely from government subsidies and controls. They had access to free government housing and medical care and government loans for the purchase of cars, refrigerators, and even their own funerals. They too would resist any cutbacks of such government largesse. In Guinea, "Progress [on reform] was slow because civil servants and others with a stake in the past sought to preserve it. Dissatisfaction produced a series of coups, one in February 1996, when a group of soldiers dissatisfied about going without pay joined forces with others in the military who sought General Conte's ouster" (*The Washington Times*, October 17, 1996; A19).

In Zambia, resistance to reform came from within ex-President Chiluba's own circle. Some clamored for the continued influence of state spending and patronage. For example, said Mundia Sikatana, a Chiluba adviser and a founder of the Movement for Multiparty Democracy, the government continued to provide vehicles and fuel to hundreds of civil servants. The government, he said, "cannot abandon the old habits. The structural adjustment program is not doing enough" (*Washington Post*, September 12, 1995; A12).

Other members of the elite class opposed economic liberalization on purely ideological grounds. Africa's intellectual community has a deep-seated aversion to capitalism or free markets. This attitude is a throwback from colonial days, when capitalism and colonialism were confused. The involvement of the World Bank, generally castigated by African intellectuals as a "neocolonial institution," did not help matters.

To skirt elite opposition, African governments opted for politically safe budget cuts: education, health care, and road maintenance. Sub-Saharan African governments cut spending on education by more than 50 percent in the 1980s. Guinea, Malawi, Tanzania, Zambia, and Senegal slashed education budgets by 18–25 percent during the late 1980s. Real per capita spending on health dropped below the 1980 level in over half of Sub-Saharan African countries. Critics said those countries opted for politically safe budget cuts rather than slicing into their militaries or other bureaucracies. "They cut places like education because they knew the people wouldn't howl about that," said G. K. Ikiara, an economics professor at the University of Nairobi (*Washington Post*, July 23, 1995; A23). In Zimbabwe, for example, "President Robert Mugabe slashed spending on health care and education, while spending $3 million a day on the 11,000 troops he had sent to the Congo" (*Washington Post*, May 5, 2000; A23).

There is some chicanery involved here. African governments constantly lamented that SAP "hurt the poor." Of course, SAP would do so when these governments exempted the elites and shifted the burden of adjustment disproportionately onto the rural poor, especially women and children.

Worse, the cuts on social services and infrastructure undermined the success of SAP. Roads, schools, and telecommunications systems fell apart. Rates of infant and child mortality, child malnutrition, primary school dropout rates, illiteracy, and non-immunization all increased. The number of teachers declined as salaries failed to keep pace with inflation. Zimbabwe experienced a mass exodus of doctors (estimated at about 1,400) to neighboring Botswana and South Africa. Communicable diseases such as yellow fever, malaria, and cholera reappeared with a vengeance.

To compound the problem, "politically safe" budget cuts were not enough to reduce budget deficits. With revenue collection systems a shambles, cash-strapped African governments resorted to printing money,

which fueled inflation and provoked demands for wage increases. Between 1986 and 1991, Ghana's money supply increased at an astonishing average rate of 43 percent. That in itself created more problems as civil servants, teachers, doctors, and others, unable to cope with the rising cost of living, had to "invent" ways of living.

In Cameroon, the average civil servant's salary—with the exception of the military and police—was slashed by 70 percent. Wages of doctors, teachers, and engineers were cut to 100 francs a month (or $1.33). So,

> Teachers organized private classes. Doctors set up private clinics. In public hospitals, the health minister Lobe Monekosso conceded that only patients who paid "motivation fees" were attended to quickly. Even journalists working for the state-owned *Cameroon Tribune* newspaper, as well as the electronic media, refused to cover an event unless they offered kickbacks, known in media circles as "gombo." In return for huge sums of money, often as much as 800,000 Cameroon francs, school authorities admitted unqualified candidates from a vast army of the unemployed. The result was a dramatic drop in the standard of education. The same story applied to Cameroon's medical school, the CUSS, where one million francs could make you a medical doctor overnight. (*West Africa*, March 13–19, 2000; 17)

In sum, most African leaders lacked the competence and credibility to institute real reform. Nor were they interested in it. They implemented only the bare minimum cosmetic reforms that ensured continued flow of Western aid. Africans derided this posturing, tricks, and acrobatics as "Babangida Boogie": one step forward, three steps back, a sidekick, and a flip to land on a fat Swiss bank account. All much ado about nothing: "One day Nigeria's Finance Minister, Anthony Ani, talks of mass privatization. The next day privatization is merely an option to be considered by some government committee. Lagos businessmen are appalled. 'Just as we were beginning to move forward, this will set us back years,' says a merchant banker" (*The Economist,* January 25, 1997; 41).

More scandalous perhaps was the ready supply of Western dance partners. The Kenyan version of this ritual dance, the Moi massamba, was well described by *The Economist* (August 19, 1995): "Over the past few years, Kenya has performed a curious mating ritual with its aid donors. The steps are: One, Kenya wins its yearly pledges of foreign aid. Two, the government begins to misbehave, backtracking on economic reform and behaving in an authoritarian manner. Three, a new meeting of donor countries looms with exasperated foreign governments preparing their sharp rebukes. Four, Kenya pulls a placatory rabbit out of the hat. Five, the donors are mollified and aid is pledged. The whole dance then starts again" (p. 37). "Kenya's government knows precisely when it can resist donors' demands, when to use charm, when to cry 'neocolonialism' and when to make promises of reform—promises it will break when the new loans are obtained and the donors backs are turned" (*The Economist*, October 9, 1999; 52).

Thus, the democratization process, which gained momentum after the collapse of communism in 1989, was stalled by political chicanery and strong-arm tactics. In 1990, only four of the fifty-three African countries were democratic. This tiny number grew to sixteen in 1995 and remained stuck there: Botswana, Benin, Cape Verde Islands, Central African Republic, Kenya, Madagascar, Malawi, Mali, Mauritius, Namibia, Nigeria, Sao Tome and Principe, Senegal, Seychelles, South Africa, and Zambia. The two new countries born after 1990 were Eritrea and South Sudan.

By 2014, reform was practically dead. Fewer than five of the fifty-five African countries were economic success stories—Benin, Botswana, Mauritius, and Rwanda. And the number of democracies had dropped to fourteen: Botswana, Benin, Cape Verde Islands, Kenya, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Sao Tome and Principe, Senegal, Seychelles, South Africa, and Zambia. At that rate—from four in 1990 to fourteen in 2014—it would take Africa more than a century to become fully democratic. That same year, however, the following ten African countries were adjudged to be least corrupt by Transparency International, a Berlin-based global monitoring group: Botswana, Cape Verde, Seychelles, Mauritius, Lesotho, Namibia, Rwanda, Ghana, South Africa, and Senegal,

Failure of Economic Reform

Structural adjustment or economic reform failed in Africa, not so much because it was sponsored by the World Bank, but because African despots were not interested in reforming their abominable political and economic systems, as that would entail a diminution of their power and the erosion of the patronage system they employed to keep their political base. To them, economic reform was tantamount to suicide. Unfortunately, that was a myopic way of looking at the situation because, in the long run, failure to reform was far more costly and deadly. Countries that did not reform even-

tually imploded: Liberia (1990); Somalia (1993); Rwanda (1994), Burundi (1996), Zaire (1998); Sierra Leone (1998); Guinea (1999), Madagascar (2003); Ivory Coast (2005 and 2010); Libya (2011); Egypt (2011); and Central African Republic (2015). Schwab (2001) warned:

> Unless something truly fundamental is done to promote democracy, the previous 10 years will have been merely a harbinger of the decade just begun, a destiny that may well encompass a continuing series of coups, countercoups, wars, ethnic explosions, and an elephantine number of AIDS fatalities. States will most probably continue to crumple until the political leadership of African countries come to value the long-term betterment of their populations over their own personal and political interests. (p. 167)

Increasingly, more and more of the leaders' traditional allies started turning against them. At a press conference in London in April 2000, former UN Secretary-General Kofi Annan lambasted African leaders whom he said had subverted democracy and lined their pockets with public funds, although he stopped short of naming names. "Billions of dollars of public funds continue to be stashed away by some African leaders—even while roads are crumbling, health systems have failed, school children have neither books nor desks nor teachers, and phones do not work," he complained (*The African-American Observer*, April 25–May 1, 2000; 10). And "Former South African president Nelson Mandela urged Africans to take up arms and overthrow corrupt leaders who have accumulated vast personal fortunes while children have gone hungry. He urged the public to pick up rifles to defeat the tyrants" (*Washington Post*, May 7, 2000; A22). The tragedy is, since African despots insist on repeating their own inane mistakes, more countries will implode.

In September 2010, this author was invited to a confab organized by the IMF. The purpose was to gather experts, scholars, and policymakers together and brainstorm on how best to help African countries achieve the Millennium Development Goals (MDGs). I told the audience that it was a noble effort to help Africa but for many countries it was coming a bit too late and that the following countries were teetering on the brink of implosion: Algeria, Burkina Faso, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Egypt, Equatorial Guinea, Ethiopia, Eritrea, Libya, Sudan, Uganda, and Zimbabwe. It was magnanimous of the IMF to speak of helping fragile and collapsed states but prevention was better than cure.

Barely three months later, in December 2010, an unemployed university graduate called Mohammed Boazizi tried to earn a living by selling vegetables in a fruit cart in Tunisia. A policewoman demanded to see his license and since he did not have one, she confiscated his cart. When he protested, the policewoman spat in his face. Mohammed went to the minister of interior to complain but the door was slammed in his face. Thereupon he doused himself with gasoline and set himself ablaze. That self-immolation led to street protests that drove long-term dictator Ben Ali from power into exile and the revolution spread to other Arab countries—Algeria, Bahrain, Egypt, Libya, Saudi Arabia, and Syria. Ivory Coast imploded in 2010. Hosni Mubarak was driven out of office in Egypt in January 2011. Gaddafi was also driven out of office and killed in October 2011. In 2013, the Central African Republic descended into chaos and carnage. Inevitably, more African countries will suffer the same fate if the leadership adamantly refuses to implement real reform.

In July 2015, the UN proposed a list of Sustainable Development Goals (SDGs) that were supposed to set out how to improve the lives of the poor in emerging countries and how to steer money and government policy toward areas where they can do the most good. But the efforts of the SDG drafting committees are so sprawling and misconceived that the entire enterprise is being set up to fail. *The Economist* even dismisses the SDGs as "worse than useless" and says,

> The SDGs are the successors to the development targets that governments around the world signed up to in 2000 and promised to reach by 2015. There are eight of these so-called Millennium Development Goals (MDGs) with 21 sub-targets, from educating girls to cutting maternal mortality. . . . The developing countries and Western aid agencies drawing up the SDGs, which would set targets for 2030, love the MDGs and want more—148 more. At the moment there are 169 proposed targets, grouped into 17 goals. These are ambitions on a Biblical scale, and not in a good way. . . . Developing countries seem to think that the more goals there are, the more aid money they will receive. They are wrong. The SDGs are unfeasibly expensive. Meeting them would cost $2–3 trillion a year of public and private money over 15 years. That is roughly 15% of annual global savings, or 4% of world GDP. At the moment, Western governments promise to provide 0.7% of GDP in aid, and in fact stump up only about a third of that. Planning to spend many times the amount that

countries fail to give today is pure fantasy. (*The Economist* March 26, 2015; 14).

The Entry of China—"Chopsticks Mercantilism"

In the new millennium, African economies were sputtering. Africa's infrastructure was a shambles; it had collapsed after decades of abject neglect and destruction from senseless civil wars. A substantial investment was needed to rebuild this infrastructure. A 2000 World Bank Report noted that "the poor state of infrastructure in Sub-Saharan Africa—its electricity, water, roads and information and communications technology (ICT)—cuts national economic growth by two percentage points every year and reduces productivity by as much as 40 percent." To close the infrastructure gap, annual spending of $93 billion would be required.

Africa, however, has natural resources, which China needed to feed the voracious appetite of its economic machine galloping at a dizzying 9 percent clip. Consequently, China was frantically trolling for resources in Africa and elsewhere. It wooed African leaders with euphonious verbiage and diplomatic platitudes about "equal terms" and lofty promises of foreign aid without conditions. It declared 2006 the "Year for Africa" and convened an Africa Conference in Beijing in October. African leaders had been miffed at the West's insistence on conditionalities for its aid. Operating on the fallacious notion that "the enemy of my enemy is my friend," forty African heads of state trekked to the conference and threw themselves at the feet of China and began signing a blizzard of deals. Africa needed to rebuild its infrastructure; China needed resources. "Infrastructure-for-resources" deals or exchanges should be a win-win for both. But it did not turn out that way. The "infrastructure-for-resources" deals were a scam.

The "infrastructure-for-resources" deals China was signing with Africa were different from the more wholesome "commodity-backed loans" China was offering Latin America. Here is how the two work.

Commodity-Backed Loans

Suppose China gave Brazil a $3 billion loan at 10 percent compound for five years, backed with the country's oil production. Total payment after the five years would amount to $4.83 billion. Equal monthly repayments would come to $805,166. Each month, Brazil exports 8,000 barrels of oil to China. If the spot market price for oil is $110 per barrel, the ***value*** of the oil export is $880,000, which China places in Brazil's account. Then China subtracts $805,166 as loan repayment. This leaves $74,834 in the account for Brazil. The loan is not tied to anything and Brazil can use it as it sees fit. It is a win-win for both countries.

"Infrastructure-for-Resources" Deals

The "infrastructure-for-resources" deals China was offering Africa were akin to the infamous "suppliers' credit" schemes used to fleece Ghana in the late 1960s. Under that scheme, a contractor for a project in Ghana did his own feasibility study, estimated the cost of the project and arranged for the financing himself. Obviously, the contractor won't reject his own project based upon his own feasibility study; nor did he have any incentive to reduce costs by seeking the cheapest sources of materials or finance.

Supplier's Credit

Supplier's credit was the main financing vehicle used to establish State Enterprises (SEs). In the 1960s, Ghana established more than 240 such SEs with foreign loans. These SEs were supposed to earn or save Ghana the foreign exchange needed to service or pay back the loan. Instead, they racked up losses upon losses and even used up more foreign exchange to compound the debt crisis. Considerable evidence exists to suggest that many foreign loans were contracted under rather dubious and corrupt circumstances.

To finance his industrialization drive, Ghana's first president, Dr. Kwame Nkrumah, borrowed heavily from abroad under supplier's credit arrangement. In this scheme, a fast-talking equipment peddler would sell Ghana equipment over a period of time—generally four to six years. The peddler then would obtain credit from private banks and have it guaranteed by his own country's governmental export credit insurance organization. After this arrangement, future dealings would be between Ghana and the export credit organization; not with the peddler. He was paid and gone.

The characteristic feature of the supplier's credit arrangement was that it was a completely closed deal. The equipment dealer prepared the feasibility study—in those cases where they were prepared at all. He chose the technology, determined the size of the plant and, of course, the source and nature of the equipment, and arranged for financing. If technical advice was needed, he provided that too. When the project was completed, he provided the managers to operate the plant. There was hardly any input by Ghana.

The tragic thing was that it was a foreign supplier who knew so much about the Ghanaian economy, and the type of technology and factories Ghana needed, that the government bought his ideas in toto. Naturally, the potential for graft and fraud in this scheme was enormous.

Indeed, a "prototype" would have an interest rate of 5.5 percent, but this was at a flat rate; that is, payable not on the diminishing balance but on the original loan which effectively raised the actual interest charges to almost 9 percent. Further, the quality of goods supplied was often sub-standard.

Under supplier's credit arrangements, Ghana bought, in many cases, obsolete equipment at inflated prices, contracted a huge foreign debt between 1961 and 1966, and engaged in massive bribe-taking. Here are some examples taken from Killick (1978, 178):

- The expensive three Ilyushin jets Ghana bought from the Soviet Union, at a time when Ghana Airways was having difficulty filling its planes, turned out to be old jets that had been repainted.
- The British firm, Parkinson–Howard, sold Ghana a huge dry dock which lay idle for nine years after it was commissioned in 1969.
- The German "equipment monger," Stahlunion, built a sheet glass plant with a capacity of nearly three times the size of the local market. The plant was never brought into operation and later had to be converted at an extra cost of 2.5 million cedis for bottle making. When that was completed too, the same government imported large quantities of bottles from Czechoslovakia and China to make it difficult for the factory to sell its bottles.
- A parliamentary report suspected that the plant that supplied Ghana's Vegetable Oil Mills "was of pre-war manufacture and had been lying idle for more than 30 years before being shipped to Ghana" (Public Accounts Committee, 1965; 9).
- A Ghana government investigation (Apaloo Commission, 1967) reported Parkinson–Howard, which built the Accra–Tema Motorway; Tema Harbor extension; the dry docks and steelworks, paid a total of $680,000 in bribes between 1958 and 1963 in three installments to certain ministers. In most cases, the bribes were 5 to 10 percent of the value of the contract.

In 1959, only six investment projects were financed through supplier's credit, of which three were payable in less than seven years. The number of supplier's credit projects rose to nineteen in 1961, twenty-five in 1962, and fifty-five in 1963—two-thirds of the latter were to be paid in five years or less. By the end of 1965, signed supplier's credit contracts amounted to 210, and of those, 137 (65 percent) of them were payable within five years or less; only twenty-three (11 percent) were payable in ten years or more. The total value of signed contracts reached $858 million, coming due at the rate of $100 million a year (one-third of the value of Ghana's exports) in 1964–65, and 83 percent of the payments were in foreign exchange. In 1964–65, 100 percent of Ghana's total debt repayments were virtually on supplier's credit.

Much of the supplier's credit went to the government (about 86 percent) to set up state enterprises or import substituting industries to save the country foreign exchange. But since most of the investment projects were ill conceived, hastily drawn up, and with no feasibility studies, they could not save any foreign exchange. In fact, most of them used up more foreign exchange than they saved. The performance of these SEs was nothing short of scandalous. As Mr. E. A. Sai, secretary of Ghana's Committee of Secretaries, complained:

> Apart from a few success stories in the management of public enterprises in Africa, such as in the Kenya Tea Development Authority, Botswana's Meat Commission, Tanzania's Electricity Company, The Guma Valley Water Company of Sierra Leone and Ghana's Volta River Authority, the record of state enterprises had been poor. (*West Africa*, May 16, 1988; 897)

On December 11, 1978, a committee was set to investigate some of these supplier's credit agreements under the chairmanship of Justice A. N. E. Amissah, a retired appeals court judge. In July 1979, a Government White Paper on "The Report of the Committee of Enquiry (External Loans)" was issued. The committee found many of the deals to be fraudulent and recommended their abrogation. Among them were a $15 million credit from Italian supplier Mediex, signed in 1978; a 40 million deustch marks credit from a German supplier, Universal Handels Gesellschaft, signed on May 27, 1978; a 800,000 Swiss franc deal with the Swiss supplier Phoenix Finance International; and the loan offer of $1 billion from President Gafoor, head of state of some obscure island nation.

The committee singled out two individuals for severe censure on account of their reprehensible conduct: General I. K. Acheampong and Dr. A. K. Appiah:

> Government accepts the finding of the Committee that the conduct of General Acheampong (the former head of state) in applying pressure on his subordinates to conclude agreements which they would not, left to their better judgment, have concluded has given rise to the gravest suspicions of his motives and was, in any case, improper. In the Phoenix case, it amounted to willful misconduct, which he knew, or which any reasonable person in the circumstances would have known, was highly prejudicial to the interests of Ghana. Government also accepts the finding that General Acheampong and Dr. Appiah conducted the negotiations in the President Gafoor billion dollar loan offer in a manner that also showed that each knew or ought, as reasonable persons, to have known was highly prejudicial to the interests of the State. Government notes, in this connection that by virtue of the findings above, the two persons had been caught fully by section 1 (i) (e) of S.M.C.D. 224, Elections and Public Office (Disqualification) Decree, 1979, which provides that any person who
>
> "(e) willfully acted in a manner which he knew or which a reasonable person in his position having regard to all the circumstances, ought to have known to be prejudicial to the interests of the State," is disqualified from holding public office in Ghana.

Government has accordingly decided that the provisions of the S.M.C.D. 224 should be applied to Gen. I. K. Acheampong and Dr. A. K. Appiah.

"Infrastructure-for-Resources" Deals

The deals Africa was signing with China were such genre. With the "infrastructure-for-resources" deals, some shady Chinese middlemen or syndicates undertook feasibility studies and estimated the cost of the infrastructure project. They then sought financing from China's EX-IM bank. For repayment, they demanded a quantum of resources to be shipped to China.

As set up, there was every incentive to inflate the cost and make the deal as "gargantuan" as possible. The higher the cost estimate, the larger the loan. The larger the loan, the greater the quantum of resources that had to be shipped to China for repayment. A high cost estimate obviously benefited the Chinese company that would undertake the construction as that translated into huge profits. The more gargantuan the loan, the more swollen-headed the African head of state, who stood to extract much political mileage from it. (For example, China offered ex-president Captain Moussa Dadis Camara, of Guinea, a $7 billion "infrastructure-for-resources" deal in 2009. Guinea's GNP was only $4.5 billion. Throughout its history, no entity had given Guinea a loan as huge as that—and even one that exceeded its GNP. Not even the World Bank came close.) Furthermore, the bigger the loan, the greater the resources that had to be shipped for repayment. The large cost estimate benefitted a Chinese company; a huge quantum of resources shipped for repayment benefitted China. What did the recipient African nation get in return? Infrastructure at grossly inflated cost that might or might not be delivered, and some political PR mileage. And if the African government wavered, the Chinese might build a presidential palace or a sports stadium as "gifts from China."

It is essentially a "closed shop" deal, shrouded in secrecy, and signed with mostly autocratic regimes. It was opaque; there was no open and competitive bidding. It was all stacked in China's favor. When approved, it was a Chinese company that would undertake infrastructure projects with its own materials and workers, generating scant employment opportunities for locals. And there was no protection against cost overruns. A year or so later, the Chinese company could jack up the cost estimate, saying it erred in its initial calculation.

Case Studies

A $23 Billion Deal for Nigeria

A typical deal was the $23 billion deal China signed with Nigeria—an oil-producing country that does not produce enough refined petroleum products for its own people and must import 85 percent of needed petroleum products. China would build three refineries with a combined capacity of 750,000 barrels a day that exceeded the domestic demand of some 450,000 b/d. In exchange, China wanted to grab one-sixth of Nigeria's 36 billion barrels of oil reserves (*Financial Times,* May 15, 2010; http://on.ft.com/wkh4vn).

The first problem was overcharging Nigeria. The price tag of $8 billion for a refinery with the capacity of 250,000 b/d was simply outrageous as compared to these prices:

- In October 2002, President Obasanjo laid the foundation stone of the $1.5 billion Tonwei Refinery in Bayelsa State. The Tonwei Refinery would have an initial capacity of 100,000 b/d but it could be expanded to 200,000 b/d.
- In Egypt, China was to build a $2 billion refinery that would be the largest such plant in the Arab nation and Africa. The capacity of the refinery would annually amount to 15 million tons or 105 million barrels of oil or 287,671 b/d.

- In Chad, the Djarmaya refinery built by the Chinese cost $60 million with a capacity of 20,000 b/d. Twelve of these mills would have a capacity of 240,000 b/d—about the same capacity as a refinery China was building in Nigeria. But the price tag of the twelve refineries would be $720 million—not $8 billion!

China's demand of one-sixth of Nigeria's 36 billion oil reserves at the then oil price of $107 a barrel yielded $642 billion—which was what China was demanding for a $23 billion infrastructure project.

A $3 Billion Deal for Ghana

China offered Ghana a $3 billion loan on barter terms. The loan was to be used to rehabilitate portions of Ghana's dilapidated railway system, build infrastructure to capture gas that would otherwise be flared from oil production, and reconstruct roads. In exchange for the loan, China demanded a daily supply of Ghana crude of 13,000 barrels—the entire portion of the government of Ghana's share in Jubilee Oilfields—for the next fifteen and half years! The ruling NDC government, which had a majority in Parliament, agreed to sign the deal (*Daily Guide*, February 29, 2012; http://dailyguideafrica.com).

A few strokes on a cheap calculator would reveal that over the fifteen-and-half-year period, 74 million barrels of oil would be shipped to China. The value at the then price of crude oil of $110 per barrel in 2010 worked out to be $8.1 billion. Nice repayment for a loan of $3 billion. Even if the price of oil were to fall to $60 a barrel, China would still rake in $4.4 billion.

In these "sweet and sour" deals (sweet for China but sour for Africa), there were additional sweeteners. Infrastructure construction and rehabilitation would be undertaken by Chinese firms, which would bring in their own workers and materials. Additionally in the case of Ghana, they also had the first right of refusal to purchase any gas that was captured by the gas infrastructure they were building.

Lack of Transparency, Corruption, Non-Performance, and Other Problems

Generally, deals, signed with mostly autocratic African governments, were not transparent and were secured through secrecy, bribery, kickbacks, building a presidential palace for Sudan's despot, donating the blue tiles that adorn Robert Mugabe's £7m palace in Harare, a large Namibian presidetial palace in Windhoek, and sports stadiums in DR Congo and Guinea.

In July 2008, there was an outcry over the China–Niger oil deal. Civil rights groups called for a parliamentary inquiry into the $5 billion (£2.5 billion) contract and for scrutiny of how funds were to be spent. China's state oil company was given oil exploration rights in Niger in June. "A mining union in Niger said the deal with China took place in the greatest of secrecy and with contempt for regulation" (BBC, July 31, 2008). In November 2011, Niger vowed to commission an audit of the Soraz oil refinery being built by Chinese oil company CNCP, with a capacity of 20,000 barrels per day, after the price tag rose to $980 million from $600 million (*Reuters*, November 24, 2011). It may be noted that the same refinery with the same capacity built by China in Chad cost only $60 million (AFP, January 20, 2012).

In July 2009, Namibian prosecutors began investigating allegations of bribery kickbacks on government contracts with China. One involved a contract to supply Namibia with scanners at security checkpoints. The Beijing-based Nuctech Companies Limited that makes the scanners was headed until 2008 by the son of Hu Jintao, then China's president. Nuctech was accused of having paid $4.2 million in kickbacks to a Namibian front company (*The New York Times*, July 31, 2009; A4). Another investigation involved a Chinese contract to build a key railroad link as prosecutors burrowed through a web of corruption on deals with China.

In Angola, the Chinese Syndicate, Queensway, set up a joint venture with the government, called China Sonangol. The deal signed in 2005 gave the company the right to export Angolan oil and act as a middleman between Sonangol and Sinopec, one of China's major oil companies. The terms under which China Sonangol buys oil from Angola were not made public. The syndicate secured the oil from the Angolan state at a low price that was fixed in 2005 and sold it on to China at prevailing market prices. The price at which the contract was fixed is confidential, but it was $55 a barrel in 2005; in 2010 it was trading above $110. The syndicate then raked in billions of dollars. The Angolan president's son served as director of China Sonangol. According to the IMF and the World Bank, billions of dollars have disappeared from Sonangol's accounts. A 2011 report commissioned by the United Nations Development Fund said that "between 1990 and 2008, $34 billion disappeared from Angola's public coffers" (*The Wall Street Journal*, October 15–16, 2011; A10).

In return for Angolan oil, the syndicate promised to build infrastructure, including low-cost housing, public water-mains, hydroelectric plants, cross-country roads

and railways. In 2006, the head of the external intelligence service, General Fernando Miala, alleged that $2 billion of Chinese money intended for infrastructure projects had disappeared (*The Economist*, August 13, 2011). The general was swiftly sacked, tried, and imprisoned. Some housing and railway lines and other projects were at first financed by the syndicate. Then in 2007, the syndicate stopped paying bills for more than eight months. All work stopped, 2,000 Angolan day laborers were fired on the Benguela railway project. This forced the government to issue treasury bonds to raise $3.5 billion to finance the projects. Meanwhile, more than 90 percent of the residents of the capital, Luanda, remained without running water as the syndicate continued to prosper.

In Guinea, the syndicate set up a joint venture, African Development Corporation, with 85 percent share and the government with the remaining 15 percent. Guinea has the world's largest reserves of bauxite and its largest untapped reserves of high-grade iron ore. The venture won exclusive rights to new mineral concessions in Guinea, including the right to negotiate oil-production contracts in the Gulf of Guinea. In return, the syndicate promised to invest up to $7 billion in housing, transport, and public utilities. Guinea's GDP was about $4.5 billion in 2010. Queensway syndicate was so pleased that it gave Guinea's military ruler, Captain Moussa Dadis Camara, a helicopter as a gift.

In Zimbabwe, the syndicate created a new company called Sino-Zimbabwe Development Limited, which received rights to extract oil and gas, and to mine gold, platinum, and chromium. In return, the company publicly promised to build railways, airports, and public housing. These pledges were valued at $8 billion by Mr. Mugabe's government.

But Queensway syndicate failed to meet many of the obligations. Zimbabwe is still awaiting even a fraction of its promised infrastructure. Chinese goods sent to Africa are notorious for their poor quality. None of a shipment of fifty Chinese buses sent to Zimbabwe worked and an order for 250 more was suspended. Of three MA60 passenger jets the Chinese sent to Mugabe, not even one managed to fly, one had to make an emergency landing at Victoria Falls, injuring many passengers, and the third caught fire on take-off in Harare in November 2008. All were then grounded. And Guinea never received the hundred public buses that were meant to arrive within forty-five days of the 2009 deal. In Ghana, when members of Parliament (MPs) resumed sitting in a refurnished chamber on November 4, 2014, they discovered that "over 300 furniture pieces were imported into the country from China. Some MPs were outraged and criticized the leadership of the House for neglecting local furniture manufacturers" (*Sahara Reporters*, November 7, 2014). Worse, the MP for Lower West Akim, Gifty Klenam, and other MPs "are demanding that their old chairs should be brought back into the Parliamentary chamber because the newly imported chairs from China are breaking." The member of Parliament for Okaikwei South, Ahmed Arthur, described the upgrade as a "white elephant" and decried the fact that local contractors and furniture makers missed out on the contract worth about $20 million which rather went to a Chinese firm.

Impact on Local Economies

The influx of cheap Chinese goods and workers had a devastating impact on local economies. Textile industries in Kano, Lesotho, and South Africa were destroyed by cheap Chinese textile imports. Hundreds of thousands of Africans lost their jobs in northern Nigeria, Lesotho, and South Africa.

Clothing manufacturers in Lesotho, Nigeria, and Zambia complained bitterly of cheap Chinese goods destroying their markets and jobs. In Nigeria, the influx of Chinese products devastated Kano's manufacturing sector. In 1982, five hundred factories churned out textile products in Kano, but fewer than seventy remained operational in 2012, most at far less than full capacity. Kano's Kwari textile market, the biggest in West Africa, swelled with stall after stall of Chinese fabrics and clothing. A decade earlier, 80 percent of the fabric sold at Kwari was made in Nigeria, compared with 5 percent in 2012. It would not be far-fetched to link the collapse of the textile industry in northern Nigeria with the rise of the terrorist group *Boko Haram*.

Unable to compete with Chinese imports, textile factories in Lesotho closed in 2003 and 2004, throwing over 5,000 workers out of their jobs. In South Africa, the textile union said some 100,000 jobs had been lost as Chinese synthetic fabrics replaced cotton prints in street markets across Africa. In 2007, the unions threatened to boycott anyone selling Chinese products.

In Ghana, "there were more than 20 textile firms that employed over 20,000 people in 1995. In 2012, the industry had only 4 textile factories, employing less than 3,000 Ghanaians. The country's once thriving textile market became flooded with Chinese substandard textile products, therefore pushing up the unem-

ployment rate. The situation further deteriorated with the textile companies in operation employing only 2,961 people" (*Daily Graphic*, April 30, 2012; 40).

Ordinarily, free trade should benefit both Africa and China but it seemed Africans derived little benefit from the trade deals with China. As previously mentioned, in many cases, the deals were secured through bribery and donations of "gifts" such as a new stadium or presidential palace. Further, the deals offered scant employment opportunities, as China brought its own workers into Africa. The Chinese also invaded sectors traditionally reserved for locals. In July 2011, the BBC reported that "shop owners in Uganda's capital, Kampala, have shut their businesses to protest against a weakened currency and the influx of Chinese traders" (BBC, July 6, 2011). In August 2011, Ghana began arresting foreign nationals, mostly Chinese, illegally engaged in artisanal mining. Further, the Chinese deals enriched the corrupt ruling elites. Angola, Nigeria, Sudan, and Zimbabwe were examples where the trade and oil deals with China scarcely benefited the poor.

Chinese aid, disingenuously described as "with no strings attached," was propping up hideously repressive regimes in Ethiopia, Guinea, Sudan, and Zimbabwe. Three strings were attached: First, the recipient or borrower must have no diplomatic relationship with Taiwan. Second, construction of infrastructure must be undertaken by Chinese firms. Third, all the materials and labor must be Chinese. In other words, China's loans are 100 percent tied.

More troubling, China's increased engagement with Africa created a huge impediment to the continent's halting steps toward democratic accountability and better governance. The West made its aid conditional on progress toward reform in several areas, including democratic pluralism, the rule of law, human rights, reduction of graft and improved access to education. China never required these challenging commitments. China required only that countries recognize the People's Republic of China, and not Taiwan, as the only China. Under the precedent that Beijing has set, countries that were not inclined to work to meet US standards could be increasingly confident that if they turned their backs on the Western powers, China would still be a willing partner and source of investment.

Indeed in 2002, an IMF team that went to Angola to help the country put its financial affairs in order was flabbergasted by Angola's robber economy, and even more by the nonchalance of its leading officials. Though the regime contracted $3 billion worth of loans in 2001 alone, one senior official told the IMF team that Angola had taken out no such commercial loans. In March 2002, the IMF reported that despite years of assistance, the government's finances remained hopelessly opaque, that officials had fended off all demands for reform and thus that "it would be very difficult for Angola to formulate a meaningful poverty-reduction strategy." A "donors' conference" was scheduled for that July. But after the IMF report, the United States and Britain pulled out, and Angola, still deeply in debt despite billions in oil revenue, was left to bitterly contemplate its options. Luckily for Angola, a new benefactor had just materialized. China came to the rescue with a $2 billion oil deal. Any prospects for economic and political reform simply evaporated.

The Real Intentions of China in Africa

It seemed the real intentions of China in Africa were four-fold. The first was to elbow out Western companies and gain access to Africa's resources at rock-bottom prices. How the people of these governments fared or benefitted was of no significance. The second was to canvas for African votes at the United Nations in its quest for global hegemony. In this sense, the Chinese were no different from the French, who used Francophone Africa to project *"la grande France."* The third was to seek new markets for Chinese manufactures as European markets became saturated with Chinese goods. The fourth, it seemed, was to seek African land to dump its surplus population.

Chinese communes have sprung up in Namibia, Zambia, Nigeria, and other African countries. The Chinese succeeded in getting African states to accept large numbers of Chinese experts and workers as part of their investment packages: twenty-eight "Baoding villages" have been established, each housing up to 2,000 Chinese workers, in various parts of Africa. In Namibia, the number of Chinese expatriates has reached 40,000; 100,000 in Zambia; and 120,000 in Nigeria. In fact, China has a secret plan known as the *Chongqing Experiment*, in which 12 million of its farmers would be moved off their lands and encouraged to seek out new pastures in Africa. Indeed, "more than 1 million Chinese, most of them laborers and traders, have already moved to the continent in the past decade" (*Africa Leadership Magazine*, March 2015; 33.).

Rising Anti-Chinese Sentiments

By 2007, the initial enthusiasm that greeted China in Africa had cooled. "There was mounting objection to China's deepening forays into Africa," said *News Africa* (March 2007). Former President Thabo Mbeki of South Africa warned against allowing China's push for raw materials to become a "new form of neocolonialist adventure" with African raw materials exchanged for shoddy manufactured imports and little attention to developing an impoverished continent. Rene N'Guetta Kouassi, the head of the African Union's economic affairs department, echoed that warning: "Africa must not jump blindly from one type of neocolonialism into Chinese-style neocolonialism" (*AFP*, September 30, 2009).

> Some African officials are voicing criticism of China. Lamido Sanusi, Nigeria's former central bank governor, says Africa is opening itself up to a "new form of imperialism" in which China takes African primary goods and sells it manufactured ones, without transferring skills.
>
> After years of bland talk about "win–win" partnerships, China seems belatedly aware of the problem. On a tour of the continent, the Chinese foreign minister, Wang Yi, said on January 12, 2015, that "we absolutely will not take the old path of Western colonists." In May 2014, the prime minister, Li Keqiang, acknowledged "growing pains" in the relationship." (*Africa Leadership Magazine*, March 2015; 34)

Some African commentators have been less charitable, denouncing what they saw as "chopsticks mercantilism," alluding to the chopsticks dexterity with which China picked off at its leisure platinum from Zimbabwe, copper from Zambia, and oil from Angola, Nigeria, and Sudan.

The backlash against Chinese investments was particularly strong in Zambia due to workplace accidents, poor working conditions, and below-minimum wage paid at Chinese-run copper mines. More than fifty Zambian workers died in a 2005 mine explosion and dozens of others were sacked by Chinese security guards in 2004. In the run-up to Zambia's general election in September 2006, the opposition leader, Michael Sata, made China's investment in the country a campaign issue. According to Sata, Chinese businesses employed relatively few Zambians. "'Our Chinese don't bring in any equipment or create any sensible employment. In fact, to every Zambian in a Chinese company, there are about 15 Chinese.' . . . Sata called the Chinese profiteers, not investors, in a country where unemployment is about 50 percent and more than 73 percent of people live in poverty. 'Chinese investment has not added any value to the people of Zambia,' he charged" (*Washington Post*, September 25, 2006; A16).

In a blatant show of arrogance, Chinese Ambassador Li Baodong warned Zambians that China might sever diplomatic ties with Zambia if Sata became president and recognized Taiwan. The ambassador also raised the specter of a halt in Chinese investment. But Zambians were unfazed; they elected Michael Sata in September 2011.

Militants in Nigeria's volatile oil-producing region detonated a car bomb in May 2006 and issued a warning that investors and officials from China would be "treated as thieves" and targeted in future attacks. A spokesman for the Movement for the Emancipation of the Niger Delta (MEND) said in an email sent to news organizations that the car-bomb attack was "the final warning" before the militants turned their attention to oil workers, storage facilities, bridges, offices, and other "soft oil industry targets" (*Washington Post*, May 1, 2006; A15). In Ethiopia, the Ogaden National Liberation Front (ONLF) warned Chinese energy exploration companies against operating in the Ogaden Region. In April 2007, nine Chinese workers were killed in an attack by armed men on an oil field in eastern Ethiopia.

In summary, there is nothing wrong with China driving a hard bargain and pursuing its interests in Africa; all foreign entities do. Americans pursue American interests in Africa. So do the Russians, Italians, Germans, and so on. The Chinese are not in Africa because they love black people so much. African leaders need to understand that.

Increased competition for Africa's resources should be good for Africa. But the barter "infrastructure-for-resources" deals were stacked in China's favor. The deals were opaque, signed in secrecy, and secured through bribery, kickbacks, or the provision of "gifts" to the head of state. All these should have raised red flags.

At the minimum, African governments should replace the "infrastructure-for-resources" deals with resource- or commodity-backed loans, as China was offering Latin America. Those types of loans have flexibility and transparency. Further, contracts for infrastructure projects should be awarded through an open-bidding process, rather than the closed-shop practice of engaging only one contractor, China.

Second, forensic audits should be conducted on the cost of all infrastructure projects being undertaken by the Chinese. The government of Niger undertook this.

The costs of these projects were often grossly inflated. There was every incentive to inflate them as that benefitted the Chinese construction companies as well as required a larger quantum of resources for repayment.

The Myth of Foreign Aid

There are three types of foreign aid: humanitarian relief aid (given to victims of natural disasters such as earthquakes, cyclones, and floods), military aid, and economic development assistance. Much confusion surrounds the third, also known as official development assistance or ODA. Contrary to popular misconceptions, ODA is not "free." It is essentially a "soft loan" or loan granted on extremely generous or "concessionary" terms.

For example, an African government that needs $50 million to build a dam may borrow the said amount from a foreign private bank at 10 percent rate of interest for ten years—a proto-type of a typical foreign commercial loan. However, a Western government aid agency, say USAID, may provide the funds at 2 percent interest for twenty years, with a five-year grace period. This ODA differs from a normal foreign commercial loan in three respects: it has a lower rate of interest, a longer term to maturity, and provides a "grace period." Nonetheless, it is a "soft loan" that must be paid back; it is *not* free.

Africa's experience with official development assistance dates back to the colonial era. One of the charges African nationalists leveled against the colonial powers was that colonialism failed to promote credible social and economic development for Africans. And the critics were right. Colonial administrations were frugal and fiscally conservative. The colonies were expected to pay their own way instead of draining the finances of the mother country. Further, the development of Africa required large capital outlays that the home administrations were not prepared to undertake. Where investment was necessary—to lay down some minimal infrastructure for the exploitation of minerals and raw materials—the mother countries expected such expenditures to be financed by the colonies themselves. If the colonies borrowed any funds, they were supposed to service their own debts.

In the British colonies, the only "aid" offered consisted of grants under the 1929 Colonial Development Act to meet the cost of repaying loans approved for capital projects. The French colonies obtained comparable assistance under *Fonds d'investissement pour le Developpement Economique et Social.* No such arrangements existed for the Belgian colonies.

After World War II, grudging contributions to colonial development were made by the British and the French in token appreciation of African soldiers who aided in the war effort: "In 1959, for example, British East Africa (Kenya, Uganda, and Tanganyika) received £5m in official grants; by 1962 that had risen to £23 million. Nigeria received an official donation of £5m in 1960. These, of course, were in addition to commercial loans raised on the London money market. But these were quite modest. Nigeria, for example, raised only £6.8m in new loans between 1946 and 1955; Tanganyika £6.69m. Kenya was a heavy borrower [in those years] . . . it borrowed £18.7m; and in addition, the East African High Commission borrowed £31.5m, whose burden was spread between the three colonies (Fieldhouse 1986; 244).

As discussed in Chapter 5, after independence, African nationalists settled down to the task of developing Africa—in its own image. Africa was to be developed by a socialist ideology under which the state not only participated but captured the "commanding heights of the economy," eschewing capitalist or imperialist principles. A large role was envisaged for an activist and centralized state, gathering resources from traditional economic activities and investing them in modernization. It was believed that most of these resources could be obtained domestically through increased savings, sacrifice, and budget-tightening. The remainder was to be sought through foreign aid requests.

Initially, foreign aid was expected to fill the gap between domestic savings and investment. The rationale was the banal "vicious circle of poverty." Savings or investible resources were low because of poverty and incomes were low because of low investment, which in turn was due to low savings. Foreign aid therefore could supplement domestic savings, enable a higher rate of investment to be attained, and propel the economy out of its "low-level equilibrium trap." Foreign aid was thus seen as an essential prerequisite to economic advancement.

Even if domestic savings had been adequate, a more mundane rationale was used to justify foreign aid requests. African countries lacked capital-producing sectors and needed to import tractors, equipment, and machinery, as well as intermediate goods such as fuel, lubricants, and spare parts essential for development. But foreign exchange was required to import these critical goods, and since most African currencies were not freely convertible, ample domestic savings in cedis or

kwachas could not be used to purchase tractors unless they were first converted into foreign exchange through exports. Such foreign exchange receipts could then be used to import machinery and equipment. Thus, an African country's effective savings is the difference between its foreign income (export earnings) and imports of consumer goods. The country can obtain more foreign exchange to finance imports of capital goods if it earns more abroad or curtails its import of such luxury items as caviar, pickled French sausages, or Mercedes Benzes, for example.

The development frenzy received further impetus when the United Nations declared the 1960s as the "Development Decade." Advocates of foreign aid determined that an African country's capacity to earn more foreign exchange through exports was limited by the following constraints: an inelastic foreign demand for African exports, an unjust international economy system, protectionist policies of industrialized nations, and monopolistic as well as oligopolistic practices of multinational corporations. Therefore, even if imported consumer goods could be reduced to be barest minimum, the foreign exchange earnings saved would still be insufficient to finance huge capital imports. Given those assumptions, foreign aid was expected to play a vital role in accelerating development by financ-ing critical imports (Chenery and Strout 1966, 679–733).

Such theoretical arguments for greater foreign development assistance were buttressed with emotional invective. Colonialism raped and plundered Africa, argued the newly independent African states. Therefore, it was the responsibility—in fact, the moral duty of the West—to repair the damage, return the booty, and rectify the injustices perpetrated against black Africans. It was difficult to determine whether the West was persuaded more by academic arguments or succumbed to its own collective guilt over the iniquities of colonialism and slavery.

Reservations against this dominant paradigm by one brave economist, Peter Bauer, were ignored. He warned that, politically, centralized power could lead to corruption, authoritarianism, totalitarianism, and human misery. He cautioned that under this scheme of things, government essentials such as maintenance of law and order, effective management of monetary and fiscal systems, and even agricultural extension work would be neglected by a regime concerned with micro-management of the economy (Bauer 1976, 90–91).

Nevertheless, the West responded to African appeals with generous contributions of aid. As Whittaker (1988) noted:

> Even in 1965, almost 20 percent of Western countries' development assistance went to Africa. In the 1980s, Africans, who are about 12 percent of the developing world's population, were receiving about 22 percent of the total, and the share per person was higher than anywhere else in the Third World—amounting to about $20, versus $7 for Latin America and $5 for Asia. (p. 60)

Earlier, the World Bank (1984) had reached similar conclusions:

> External capital flows to Sub-Saharan Africa had been quite high. Between 1970 and 1982, official development assistance (ODA) per capita increased in real terms by 5 percent a year, much faster than for other developing countries. In 1982, ODA per capita was $19 for all Sub-Saharan African countries and $46 per capita for low-income semiarid countries—compared, for example, with $4.80 per capita for South Asia. Aid finances 10 percent of gross domestic investment in Africa as a whole, but up to 80 percent for low-income semiarid countries and over 15 percent for other low-income semiarid countries. For some countries, ODA finances not only all investment, but also some consumption. During the 1980–82 period, however, ODA levels stagnated, even though Sub-Saharan Africa's share in the total increased from 21 percent in 1980 to 24 percent in 1982. (p. 13)

Changing Foreign Aid Patterns

Official development assistance to Africa may be delineated into four phases. **Phase I** covers the period from independence in the 1960s to the beginning of the 1970s, during which bilateral aid was the main source of development finance in Africa. Private foreign investment was not significant, largely as a result of the socialist rhetoric and policies of African nationalist leaders. There was some recourse to private credit markets in the West, but this was insignificant, and, where utilized, tended to be of very high cost, as was the case with supplier's credit. "Foreign direct investment was limited mainly to minerals and oil extraction, and in some cases to the production of wage goods such as beverages and textiles" (UNCTAD 1998, 116). Although the former colonial powers (Britain, France, and Belgium) provided the bulk of bilateral assistance, other countries such as Canada, Norway, Sweden, the Soviet Union (mostly military aid), and the United States assumed an increasingly prominent role in aid disbursements to Africa.

However, as early as the 1960s, a growing concern over the effectiveness of foreign aid had begun to surface. USAID officials had realized that that project support made little sense unless recipient governments improved the incentive framework for economic activity. As a result, the Peterson Commission was established by the Nixon administration to evaluate and reform US foreign aid programs. It recommended that the primary function of USAID be shifted back to project lending and technical assistance, while the IMF and World Bank would provide overall policy frameworks for developing countries.

Thus, **Phase II** began in the early 1970s when multilateral institutions, such as the IMF, the World Bank, the European Development Bank, the OPEC Special Fund, the International Fund for Agricultural Development, the UNDP, the Arab Bank for Economic Development in Africa, the African Development Bank, and the Commonwealth Development Corporation, became increasingly important sources of development assistance. For example, in 1970, aid from multilateral sources accounted for only 13 percent of the total; by 1987, that had grown to 34 percent.

Table 6.2 illustrates the phenomenal growth of multilateral aid in the 1970s, 1980s, and 1990s:

By contrast, private commercial lending, including net foreign investment in Africa, declined sharply, although it picked up in 1994. Between 1990 and 1995 the net yearly flow of foreign direct investment into developing countries quadrupled to over $90 billion, but Africa's share of this fell to only 2.4 percent. According to the World Bank, in 1995 a record $231 billion in foreign investment flowed into the Third World. Singapore by itself attracted $5.8 billion, while Africa's share was a paltry 1 percent or $2 billion—less than the sum invested in Chile alone (*The Economist*, November 9, 1996; 95). "Even that meagre proportion has been disputed by some analysts who believe the true figure to be less than $1 billion," said *The African Observer* (April 11–24, 1996; 20). Although it increased dramatically to $4.7 billion in both 1996 and 1997, it dropped to $3 billion, leading the United Nations Conference on Trade and Development (UNCTAD) to conclude that "Africa has lost attractiveness as market for Foreign Direct Investment as compared to other developing regions during the last two decades" (*The African Observer*, November 30–December 13, 1998; 21).

TABLE 6.2: Gross Disbursements of External Loans to Sub-Saharan Africa ($ Millions)

Disbursements	1970	1980	1987	1990	1994	1996
Bilateral (concessional)	432	2,552	4,868	4,915	4,808	4,156
Multilateral	151	1,697	2,345	2,327	1,451	939
Private	593	6,330	3,346	2,533	4,636	4,426
TOTAL	1,176	10,579	10,559	9,775	10,895	9,521

Sources: World Bank, Financing Adjustment in Sub-Saharan Africa, 1986–1990; World Bank, African Development Indicators, 1998–99; UNCTAD, Trade and Development Report, 1998.

This view was corroborated by the Organization for Economic Cooperation and Development (OECD), which noted that though private capital flows to developing countries over the period 1990–97 exceeded $600 billion, the flow to all of Sub-Saharan Africa barely amounted to $10 billion. Even then, of that total, fully $9 billion accrued to one country, South Africa—meaning that the other forty-nine countries and 560 million people of Sub-Sahara attracted essentially no net new private capital during the greatest international investment boom ever witnessed (Eberstadt 2000, B4). Thus, Sub-Saharan Africa steadily grew ever more reliant on foreign aid, with the Multilateral Development Banks (MDBs) and bilateral donors simply filling the void vacated by private commercial lenders.

Much of the loans extended by the MDBs during the second phase were project-specific: they would fund infrastructural development (roads, dams, telecommunications, and schools)—public goods that were vital for an African country's development. A hydro-electric dam, such as the Akosombo Dam in Ghana financed by the World Bank, for example, generated not only electricity but also provided large "externalities": a low-cost power grid for an industrial base and a manmade lake that provided income-earning opportunities from tourism and fishing. Road construction and telecommunications also fell in this category, since they facilitated movement of goods and commerce. Similarly, a steady supply of a well-educated labor force aided industrial expansion. MDB loans were also used to finance agricultural and industrial projects in Africa, which were largely owned by the state.

Phase III began in the early 1980s when it became apparent that most African economies were in crises. As discussed before, African leaders approach-

ed the World Bank and signed Structural Adjustment Programs (SAPs) with the Bank. **Phase IV** began after the collapse of communism in the Eastern Bloc countries in 1989 when Western donor governments and the MDBs finally recognized the importance of democratic order and added various "conditionalities" to the receipt of their aid: respect for human rights, establishment of multi-party democracy, etc.

The total amount of funds transferred to African governments during the four phases has been quite substantial. According to OECD, "the net disbursement of official development assistance (ODA), adjusted for inflation between 1960 and 1997 amounted to roughly $400 billion. In absolute magnitude, this would be equivalent to almost six Marshall Aid Plans" (ibid.). Since ODA is merely a "soft loan," this accumulated foreign aid forms the bulk of Africa's $350 billion foreign debt. Of this, 40 percent was owed to or guaranteed by Western governments and 36 percent was owed to multilateral financial institutions, such as the World Bank and the IMF (Nafziger 1993, 29). Private commercial loans, as a share of Africa's total debt, dropped from a high of 36 percent in the 1980s to about 20 percent in the 1990s, reflecting a declining private commercial lending interest in Africa. Much of the private unsecured commercial debt was accounted for by Nigeria, Ivory Coast, Congo, Gabon, and Zimbabwe, with Nigeria alone responsible for an estimated 50 percent of Sub-Saharan Africa's total commercial debt.

Between 1980 and 1990, Africa's debt grew faster than any other region in the Third World. By 1990, twenty-seven African countries were classified as heavily indebted, meaning that three of four key ratios were above critical levels: debt to GDP was above the critical level of 30–50 percent; debt to income of all goods and services was above the critical level of 165–275 percent; accrued debt service to exports was at the 18–30 percent level; and accrued interest to exports above the critical 12–20 percent level (Nafziger 1993, 30). For some individual countries, the debt ratios at the end of 1985 skyrocketed. Sudan's debt ratio reached 1,232 percent; Mozambique's 1,518 percent; and Guinea-Bissau's 1,042 percent (IMF 1986).

The Failure of Foreign Aid Programs in Africa

That foreign aid has failed to accelerate economic development in the Third World generally is no longer in dispute. In fact, this conclusion was known as far back as the 1980s and 1990s. The issue here is not so much neglect or inadequate aid but rather its effectiveness. There is extensive literature on the failure of foreign aid programs to the developing world. The famed British economist, the late Lord Peter Bauer, first led the protest against foreign aid (Bauer 1972) and others followed: The Cato Institute (www.cato.org), Dorn (2002), Easterly (2003), and Moyo (2008).

An empirical study of foreign aid by Boone (1995) showed that "there was no significant correlation between aid and growth" but that "government consumption rises by approximately three quarters of total aid receipts" (Boone 1995, 4). So, according to Boone, aid in its usual government-to-government form, does little to promote a long-term economic growth but does induce growth in government bureaucracy. As far as the poor are concerned, regardless of regime type, "aid flows primarily benefit a wealthy political elite" (Boone 1995, 5). One indicator of this is infant mortality rates, which are sensitive to even tiny changes in nutrition for the poor. However, there is "no significant impact of aid" on these indicators (Boone 1995, 4–5).

Alan Woods, the late administrator for USAID, noted in a February 1989 report that, while the United States had provided some $400 billion in aid to the developing countries, no country receiving US aid since 1968 had graduated from a less-developed to a developed status by the late 1980s. Worse, he concluded, "only a handful of countries that started receiving US assistance in the 1950s and 1960s had ever graduated from dependent status" (Woods 1989, 112). USAID again admitted in 1993 that "much of the [Third World] investment financed by USAID and other donors between 1960 and 1980 disappeared without a trace" (*The Washington Times*, October 10, 1996; A19). According to Doug Bandow of the Cato Institute, a Washington-based libertarian organization, "The United Nations [in 1999] declared that 70 countries—aid recipients all—are now poorer than they were in 1980. An incredible 43 were worse off than in 1970. Chaos, slaughter, poverty and ruin stalked Third World states, irrespective of how much foreign assistance they received" (*Washington Post*, November 25, 1999; A31). Except for Haiti, all of the thirteen foreign aid failures he cited—Somalia, Sierra Leone, Liberia, Angola, Chad, Burundi, Rwanda, Uganda, Zaire, Mozambique, Ethiopia, and Sudan—were in Sub-Saharan Africa.

The failure has been most catastrophic in Africa, where, since 1960, the West has poured in more than

$600 billion to support various programs. But all that foreign aid failed to spur economic growth, promote democracy, liberate the African people, or lift them out of poverty. Between 1980 and 1988 alone, Sub-Saharan Africa received $83 billion of aid. Yet those funds did little if anything to arrest Africa's economic atrophy or promote representative government. Africa is littered with a multitude of "black elephants" (basilicas, grand conference halls, new capitals, and show airports) amid institutional decay, deteriorating infrastructure, and environmental degradation. The standard of living in black Africa fell by 1.2 percent a year from 1960 to 1980. "Overall, Africans are almost as poor today as they were 30 years ago (at independence)," according to the World Bank (1989, 1). Nor did the aid buy much influence or leverage for the West since many of the aid programs were ill-conceived and economically unsound. Western backers tended to support almost any gaudy and extravagant project. Even Jean-Bedel Bokassa's coronation and Felix Houphouet-Boigny's basilica had Western financiers. Tanzania's less glamorous but ill-conceived *Ujaama* socialist experiment also received Western support. *The New York Times* reported that

> at first, many Western aid donors, particularly in Scandinavia, gave enthusiastic backing to this socialist experiment, pouring an estimated $10 billion into Tanzania over 20 years. Yet, today as Mr. Nyerere leaves the stage, the country's largely agricultural economy is in ruins, with its 26 million people eking out their living on a per capita income of slightly more than $200 a year, one of the lowest in the world. (October 24, 1990; A8)

The *World Development Report 1990* by the World Bank noted that Tanzania's economy contracted an average of 0.5 percent a year between 1965 and 1988. Average personal consumption declined dramatically by 43 percent between 1973 and 1988. *The Economist* observed that for all the aid poured into the country, Tanzania only had "pot-holed roads, decaying buildings, cracked pavements, demoralized clinics and universities, and a 1988 income per capita of $160 [lower than at independence in 1961]" to show for it (June 2, 1990; 48).

The African countries that received the most aid—Somalia, Liberia, and Zaire—have slid into virtual anarchy. "Another large recipient, Kenya, inflicts unspeakable abuses of human rights on its own citizens while aid pays the bills" (Maren 1997, 11). In a letter to Secretary of State Warren Christopher, the US House of Representative's International Relations Committee chairman, Republican Benjamin Gilman, and Lee H. Hamilton, a ranking Democratic member, wrote:

Refugee camp in Dadaab, Somalia, where people wait for water

> Zaire under Mobutu represents perhaps the most egregious example of the misuse of US assistance resources. The US has given Mobutu nearly $1.5 billion in various forms of aid since Mobutu came to power in 1965. Mobutu claims that during the Cold War he and his fellow African autocrats were concerned with fighting Soviet influence and were unable to concentrate on creating viable economic and political systems. The reality is that during this time Mr. Mobutu was becoming one of the world's wealthiest individuals while the people of Zaire, a once-wealthy country, were pauperized. (*The Washington Times*, July 6, 1995; A18)

Similarly, the United States gave Liberia's late President Samuel Doe more than $375 million in aid between 1980 and 1985. But much of it was squandered and looted, forcing that country into a receivership on May 2, 1986. Somalia is probably the most egregious example of Western patronage gone berserk. Huge amounts of economic and disaster relief aid were dumped into Somalia, transforming the country into the "Graveyard of Aid." But the massive inflow of food aid in the early 1990s did much to shred the fabric of Somali society. Droughts and famines are not new to Africa, and most traditional societies developed indigenous methods of coping. These methods were destroyed in Somalia, and the country became more and more dependent on food imports. "The share of food import in the total volume of food consumption rose from less than 33 percent on average for the 1970–79 period to over 63 percent during the 1980–84 period, which coincides with Western involvement in the Somalia economy and food-aid programs" (Maren 1997, 171).

Similar food aid has induced an import food dependency in Ghana, according to Young and Kunz (2000). Despite Ghana's relatively small size, it is the sixth largest recipient of food aid (USAID, CDIE, 5). Ghana benefited from the Agricultural Trade Development and Assistance Act President Dwight D. Eisenhower signed into law in 1954, commonly known as PL–480 or Food for Peace. The way PL–480 works is to give food on easy credit terms to the government to sell for development money (title I), to fund development projects (title II), and to give it for a specific sale for agricultural improvement/food security (title III). A country can save on foreign exchange and raise capital by getting these types of aid. Yet, as an AID report itself concluded, the general direction of the country's growth had not been positive. On December 4, 2014, *Al-Jazeera* (English), reported after a sting operation that food aid to Ghana was often stolen while malnourished children died daily in the north.

Cocoa, a major export, suffered in spite of the aid that was supposed to help Ghana develop. Further, humanitarian aid might have created an import dependency as the two major aid components of "wheat and rice . . . tended to end up on the plates of the better-off" (USAID, CDIE, 11). Internally, "natural resource depletion . . . declining agricultural productivity, low private savings, low investment rates, and a high population growth rate" spelled an unstable future for Ghana, especially concerning agriculture and famine. To sum up AID's presence in Ghana, "only a small percent of the population in need were served" by development initiatives (USAID, CDIE, 3). As far as consumption inequality is concerned, the lowest 10 percent in Ghana consume 3.4 percent of total consumption, whereas the top 10 percent consume 27 percent of total consumption (World Bank 1997, 222–23).

A blistering affirmation came from a very unlikely source. Sir William Ryrie, executive vice president of the International Finance Corporation, a World Bank subsidiary, declared that "the West's record of aid for Africa in the past decade [1980s] can only be characterised as one of failure" (*Financial Times*, June 7, 1990; 5). In a more general indictment, Eberstadt (1988) wrote:

> Western aid today may be compromising economic progress in Africa and retarding its development of human capital. Overseas development assistance (ODA), after all, provides a very substantial fraction of the operating budgets of virtually all governments in Sub-Saharan Africa. In 1983, ODA accounted for two-fifths of Liberia's central government budget, for three-quarters of Ghana's, and four-fifths of Uganda's. Western aid directly underwrites current policies and practices; indeed, it may actually make possible some of the more injurious policies, which would be impossible to finance without external help. (p. 100)

Indeed, Africans themselves have realized that Western aid has not been effective. David Karanja, a former Kenya MP for example, was blunt:

> In fact, foreign aid has done more harm to Africa than we care to admit. It has led to a situation where Africa has failed to set its own pace and direction of development free of external interference. Today, Africa's development plans are drawn thousands of miles away in the corridors of the IMF and World Bank. What is sad is that the IMF and World Bank "experts" who draw these development plans are people completely out of touch with the local African reality. (*New African*, June 1992; 20)

Africa Growth and Opportunity Act (AGOA)

A new chapter was opened in US–Africa relations by the Clinton administration. It had become apparent that the old foreign aid model was no longer effective. Determined to place Africa on the front burner, President Clinton adopted a pro-active engagement with Africa—largely to placate the African American constituency, which complained of abandonment or benign neglect of Africa. The Clinton administration then began paying more attention to Africa after 1995. High-profile White House conferences with African ministers, trade missions to Africa, and tours by senior government officials were regular fares. In September 1996, former Secretary of State Warren Christopher toured five African nations to promote the new US-supported African Crisis Response Initiative (ACRI). The ACRI was to comprise 10,000–25,000 troops, which would be deployed to intervene in serious crises to avert a Rwanda-like conflagration in crisis-laden African countries. First Lady Hillary Clinton and Chelsea followed with a visit to Africa in February 1997, and in October, Secretary of State Madeleine Albright toured seven African countries culminating in the historic April 1998 visit by President Clinton to Africa. Two new planks were added to US foreign policy in Africa under the Clinton administration: accelerating Africa's full integration into the global economy and combating transnational security threats.

In June 1997, the Clinton administration unveiled this as its new Africa initiative, encapsulated in the bipartisan bill "Growth and Investment Opportunity in Africa: The End of Dependency Act" (HR 4198). This sought "to create a transition path from development assistance to economic self-sufficiency for Sub-Saharan African countries." The bill authorized a one-time appropriation of $150 million for an equity fund and $500 million for an infrastructure fund beginning in 1998. These funds were to be used to mobilize private savings from developed economies for equity investment in Africa; stimulate the growth of securities markets in Africa; and improve access to third-party equity and management advice for Africa's small and medium-sized firms. The infrastructure funds were to help improve the operations of telecommunications, roads, railways, and power plants in Africa. These improvements, it was hoped, would help attract US investors to potentially profitable projects in Africa.

The other cornerstones of the initiative were: US–Africa Economic Forum (an annual high-level discussion of trade and investment policies); US–Africa Free Trade Area (developing a plan to enter into one or more free-trade agreements with Sub-Saharan African countries by the year 2020); a Textile Initiative (the lifting of World Trade Organization Textile and Clothing restrictions on imports from Africa until the aggregate value of such imports exceed $3.5 billion annually); and granting the poorest African nations duty-free access to the US market for 1,800 products.

To be eligible to participate in this program, an African country must show a "strong commitment to economic and political reform, market incentives and private sector growth and poverty reduction" (Congressional Testimony, August 1, 1996; 9). The House passed the bill on March 12, 1998, but it stalled in the Senate.

At the instigation of the administration and African Americans, the US House of Representatives also took an activist role in African affairs. Accordingly, a large number of bills and resolutions were introduced in Congress, though few passed. Important legislation introduced in the 106th Congress included: *Africa Seeds of Hope Act of 1998* (HR 4283); *African Growth and Opportunity Act* (HR 434); *Debt Forgiveness Act of 1999* (HR 1305.IH); *HELP for Africa Act* (HR 2700 IH); *Export Enhancement Act of 1999* (HR 1993 IH); *Debt Relief and Development in Africa Act of 1999* (HR 2232 IH); *Nigerian Democracy and Civil Society Empowerment Act of 1999* (S 226 IS); *Child Labor Deterrence Act of 1999* (S 1551 IS); *Microenterprise for Self-Reliance Act of 1999* (S 1463 IS); and *American Embassy Security Act of 1999* (HR 2415 IH).

During his April 1998 trip to Africa, President Clinton pledged to support African nations undergoing transformations toward peace, democracy, human rights, and free markets through expanded economic opportunities and stronger cooperation. Accordingly, Clinton launched a series of new initiatives to expand US–Africa trade and investment, to increase technical assistance, to foster education by linking schools in the US with those in Africa, to protect food security, and to advance peaceful conflict resolutions. Further, President Clinton requested that US government departments and agencies devise programs to assist African governments in their integration into the global economy. More than ten departments and agencies became involved in this effort. A special office, the Assistant US Trade Representative for Africa (USTR) was created in 1998 to coordinate with Africa on trade negotiations in the WTO, to remove impediments and develop mechanisms to increase trade and investment flows.

Millennium Challenge Account

Enter the Millennium Challenge Account (MCA) in 2003 by the Bush administration. Its aim was to integrate new perceptions about development into its aid programs. It placed the concepts of governing justly, controlling corruption, promoting economic freedom, and investing in the people, at the center of aid and development strategies. The selection criteria for the MCA included all the key variables which had been identified in empirical literature on institutions, governance, and growth. Secondly, for many years the US government had promoted a range of democracy and governance initiatives through its aid programs. The thrust of these programs had been to support the establishment of institutional structures that would make political markets in developing countries more competitive, open, and inclusive.

The Bush administration's MCA, by which the United States would increase its foreign aid programs by 50 percent to $15 billion a year was, however, slow to start. The premise was sound because it was "performance-based," which represented a paradigm shift from the old way of giving foreign aid. Foreign aid would be given only to those countries that "show results" in the core areas of:

- Ruling justly,
- Promoting economic freedom, and
- Investing in people.

Each of the three broad category areas had sub-categories that must be satisfied for a country to be deemed eligible. For example, "Ruling justly" specified the following six benchmarks or indicators: civil liberties; political rights; voice and accountability; government effectiveness; rule of law; and control of corruption. "Promoting economic freedom" also had six benchmarks, and "Investing in people" had four, bringing the overall total to sixteen.

Unfortunately, so stringent were these conditionalities that few African countries could meet them. So "the Millennium Challenge Corporation approved an $11 million grant to Tanzania to combat corruption and qualify for a bigger aid package" (*The New York Times*, February 2, 2006; A13). In other words, Tanzania, which did not meet the conditionalities, secured aid to help it meet them! And how successful has Tanzania been in fighting corruption?

Alas, when President Bush visited Tanzania on Monday, February 18, 2008, he was entering a country that had received $698 million in MCA grants, but had no presidential cabinet. The cabinet was dissolved over a corruption scandal involving the award of a $172.5 million contract to supply 100 megawatts of emergency power to a Texas-based company that did not exist. Even the anticorruption czar, Dr. Edward Hosea, was himself implicated. Other African countries that received MDC grants were dubious "success stories." Among them were Kenya, which was gripped by political violence in December 2007, and Uganda, with a strange form of democracy that banned any political rally of more than six people.

Reasons for Failure

Foreign aid programs failed in Africa because genuine mistakes were made on both donor and recipient sides. We examine these mistakes, first from the donors' side.

Donors: Multiplicity of Conflicting Objectives

Perhaps, what contributed most to the grievous failure of Western aid to Africa was a donor culture of double-speak and inconsistencies in policy actions to achieve a confusing and overlapping array of objectives. As noted earlier, foreign aid comes in three forms: economic development assistance, military aid, and humanitarian relief assistance for humanitarian crisis situations. Despite being cloaked in "development" garb, economic development assistance to Africa has over the decades been used as an instrument by the donors to achieve a variety of non-economic (geopolitical and political) objectives—such as the containment of communist expansionism in Africa, democratization, and promotion of human rights, among others.

But some of these are also the stated policy objectives of US foreign military aid, which seeks to promote stability, democracy, and human rights among US allies. The two key elements of that program had been Foreign Military Financing, which provided allies with grants, military equipment, and related technical services; and International Military Education and Training, which provided extensive training of foreign military officers and police forces in a wide variety of operations. Such US military aid went to brutal military regimes in Liberia (under Samuel Doe), Ghana (under Jerry Rawlings), Somalia (under Siad Barre), and Zaire (under Mobutu). The West poured much foreign aid into Africa to support Cold War allies and to woo various Marxist leaders from the Soviet bloc (Jerry Rawlings of Ghana; Chissano of Mozambique; dos Santos of Angola).

In Somalia, for example, Siad Barre used Italian aid to purchase arms and military advisers for his armed forces, which declared war against their own people. Northern Somalia, a hotbed of opposition to Barre's tyrannical rule, was bombed on several occasions—even with napalm—in 1988. Burned-out buildings bore testimony to the depravity of Barre's rule. Barre's eldest son, Colonel Hassan Mohammed Barre, who handled aid money, acquired property and bank accounts in Switzerland. Yet Rome maintained cordial relations with Siad Barre after the assassination of the bishop of Mogadishu, Salvatore Colombo, in July 1989, and even after an Italian biologist was beaten to death in the headquarters of Somali Secret Services in June 1990.

After the Cold War, Western foreign policy objectives were overhauled. Greater emphasis was placed on promotion of democracy, respect for human rights, better governance, transparency, and accountability, among others. In May 1990, for example, the US Congress and the White House reshaped the US foreign aid program in light of global political changes and reordered priorities. President George Bush sought new flexibility to boost aid to emerging democracies in Eastern Europe, Panama, and Nicaragua. Assistant Secretary of State for Africa Herman J. Cohen announced in May 1990 that, along with economic adjustment and the observance of human rights, democratization would soon be included as the third prerequisite for US development aid. Shortly after the establishment of the policy of tying bilateral aid to political conditions,

the US Congress called to do the same for multilateral aid, such as from the World Bank.

But beyond the rhetoric, nothing much changed underneath the surface. It was "business as usual." Old friends remained old friends. Fred Hiatt, a member of the editorial page staff of the *Washington Post* (May 17, 1998), said:

> President Clinton's foreign policy team talks about democracy possibly more than any previous administration but in practice often seems to care less. . . . After the Cold War, America was supposed to be free to shift from fighting communism—alongside right-wing dictators, if necessary—to promoting democracy and human rights. Clinton suggested as much in Africa when he apologized for America's Cold War support of dictatorial despoilers such as (though he didn't name him) Zaire's Mobutu Sese Seko. But the administration's bias toward stability—or toward those who it believes will promote stability—has not diminished. (p. C9)

Not surprisingly, the reformist winds of change that blew across Africa in the early 1990s subsided rather quickly. As Michaels (1993) noted, "Economic reforms that promised to bring back foreign capital investment have thus far only deepened Africa's dependency on foreign aid. The pace of political transition that saw no less than nine leaders toppled by gun or ballot in the nine months following the fall of 1990 has slowed to a crawl, as many incumbent regimes have managed to maintain military control while outmaneuvering splintered oppositions" (p. 34).

The West stood by and watched as wily autocrats honed their skills to beat back the democratic challenge. Africa's democratization experience in the 1990s was marked by vapid Western pronouncements, truculent duplicity, and scurrilous abandonment. When the going got tough, the West cut and ran.

Although virtually all Western governments made lofty statements about the virtues of democracy, they did little to aid and establish it in Africa. There had been more than 170 changes of government in Africa since 1960, but one would be hard pressed to name five countries that the West successfully democratized from 1970 to 1990. The record since 1990 has been dismal. Pro-democracy forces in Benin, Cape Verde Islands, Zambia, Malawi, and other newly democraticized African countries received little help from Western governments, nor did democratic forces in Ghana, Nigeria, or Kenya for that matter. This was not the case in South Africa or Eastern Europe. In South Africa, the African National Council received funds and materiel from Western governments. Similarly in Poland, Solidarity received substantial assistance from Western governments.

In 1993, "A Clinton administration review of US foreign aid programs concluded they are often wasteful, incoherent and inconsistent with the administration's objectives, and proposed a radical overhaul that would abandon country-by-country funding. . . . Many countries [receiving US aid] view these allocations as something approaching 'entitlements'" (*Washington Post*, September 18, 1993; A8).

Leader-Centered

Second, the US–Africa policy was **"leader-centered."** It sought to develop warm, cozy relationships—euphemistically called "partnerships"—with "new leaders" of Africa. The Clinton administration invested much faith in the rhetoric of some "Abraham Lincoln," who was seeking to transform his African society. By focusing almost exclusively on such Lincoln wannabes, Western governments set themselves up to be duped by hucksters. They parroted "democracy," not because they believed in it but because they knew that was what unlocked the floodgates of Western aid.

To his credit, President Clinton paid more attention to Africa than previous US administrations. He placed Africa on the front burner. But during his April 1998 trip, President Clinton painted an unrealistically rosy portrait of Africa, making "giant steps toward democracy and economic prosperity." He hailed Presidents Laurent Kabila of Congo, Yoweri Museveni of Uganda, Paul Kagame of Rwanda, Meles Zenawi of Ethiopia, and Isaiah Afwerki of Eritrea as the "new leaders of Africa" and spoke fondly of the "new African renaissance sweeping the continent." Steeped in political correctness, President Clinton appeased Africa's tyrants with euphonious verbiage. In Uganda, he apologized for America's involvement in the Trans-Atlantic slave trade but said nothing about slavery next door in Sudan. In fact, for eight years, President Clinton was silent about the enslavement of blacks by Arabs in Mauritania and Sudan until December 6, 2000, when he did denounce "the atrocities of Sudan," including "the scourge of slavery" on Human Rights Day. Before then, however, his Sudan policy had been crippled by a massive intelligence debacle.

However, barely two months after President Clinton's return to the United States, Ethiopia and Eritrea

were at war. They would pound each other, apologize for innocent civilian casualties, take a break to bury the dead, rearm, and then hammer each other again. And the rest of the "new leaders"—so enthusiastically embraced by President Clinton—were at each other's throats in the Congo conflict. As if the embarrassment of seeing its friends at war was not enough, the administration's other African "partners in development" turned out to be quack reformers and crackpot democrats.

Further, the "new African renaissance," touted by the Clinton administration evaporated and the "giant steps" lauded by President Clinton turned out to be ungainly baby steps. Africa's growth rate in the 1990s came nowhere near the 7 percent needed to reduce poverty rates. It averaged a paltry 4.3 percent, which, given a 3 percent population growth rate, meant stagnant per capita income. Accordingly, the list of African economic success stories heralded by the Clinton administration in 1994 (The Gambia, Burkina Faso, Ghana, Nigeria, Tanzania, and Zimbabwe) shrunk to two (Ghana and Burkina Faso) although four new countries were added in 1998 (Guinea, Lesotho, Eritrea, and Uganda). However, the coup in Guinea, the senseless Ethiopian–Eritrean war, and the eruption of civil wars in western and northern Uganda have knocked off most of the new "success stories."

Nor was Africa's democratization process successful under Clinton's watch. Although Senegal and Ghana made successful democratic transitions in 2001, the number of African democracies remained at sixteen—out of fifty-four African countries. The democratization process in Africa had stalled. Incumbent autocrats would appoint their own Electoral Commissioners, empanel a fawning coterie of sycophants to write the constitution, massively pad the voters' register, and hold fraudulent elections to return themselves to power. For example, President Gnassingbe Eyadema of Togo, who had ruled for more than thirty-two years, stood for re-election on June 21, 1998. His Kabye tribesmen who packed the army, the police, and the bureaucracy, fudged the electoral rolls, then intimidated and denied opposition politicians access to the state-run media. Still, when it appeared that Eyadema was losing, paramilitary police halted the vote count, and burned the ballot boxes, as well as the offices of Togo's main opposition leader, Gilchrist Olympio. President Eyadema was then declared the winner. A few months later (September), Mathieu Kegbe Koffi, a member of an opposition party, was killed by an armed group in front of his own family.

Since President Clinton took office in 1992, eleven African countries imploded: Somalia (1993), Rwanda (1994), Burundi (1996), Zaire (1996), Congo-Brazzaville (1997), Sierra Leone (1997), Congo (1998), Ethiopia/Eritrea (1998), Guinea (1999), and Ivory Coast (2000). Clinton's Africa policy came under fire even in the black American community he sought to please. In April 2000, black American Congresswoman Representative Cynthia McKinney (D–Georgia) berated: "I am sorry to say this administration has no Africa policy—or what it has has tremendously failed" (*The Washington Times*, April 14, 2000; A17). And in a January 2000 interview with *The East African* newspaper, she described Clinton's Africa policy as "such an abysmal failure." "How can someone so friendly end up with such an outrageous, atrocious, horrible policy that assists perpetrators of crimes against humanity, inflicting damages on innocent African people?" she asked.

Similar sentiments were expressed by Randall Robinson, executive director of TransAfrica that spearheaded the campaign against apartheid in South Africa. He dismissed Clinton's policies in Africa as a "disaster."

"Clinton promised a lot of things but we never got one of them," said Abdul Musa Baba, the workshop manager from Ushafa—twenty miles from Abuja—where President Clinton got an avenue named after him and ecstatic crowds hailed him as Africa's savior (*The Guardian*, July 1, 2003).

Red Tape

Third, foreign aid allocations were often cocooned in bureaucratic red tape and shrouded in secrecy. The programs lacked transparency and the people being helped were seldom consulted. In this way, the donors set themselves up to be duped. A 1989 bipartisan congressional task force of the US House of Representatives Foreign Affairs Committee confirmed this: "Current aid programs are so encrusted in red tape that they no longer either advance US interests abroad or promote economic development" (*Wall Street Journal*, March 2, 1989; A16).

Two years later, the US General Accounting Office, the Senate Governmental Affairs Committee, and a presidential commission released a report in April 1992, which revealed severe management problems at the USAID. Commenting on this report, the *Washington Post* noted: "'AID too often does not know whether

its programs are efficiently run or how effective they are,' the report said. . . . The review found that during fiscal 1989 and 1990, AID evaluated the effectiveness of only 125 of its 1,900 projects. . . . 'The poor evaluation record had made it impossible for Congress to make effective foreign aid decisions,' Frank Hodsoll, Office of Management and Budget (OMB) deputy director for management, said" (*Washington Post*, July 17, 1992; A10).

On the House floor, Congressman John Miller (R–Washington) was even more scathing: "Over the past couple of years, AID has been plagued with mismanagement. Scores of AID employees have been indicted for corruption. Commission after commission has investigated AID and said this agency needs to be reorganized" (*Congressional Record*, June 25, 1992; Vol. 138, No. 93).

Tied Aid and Cronyism

Fourth, much Western aid to Africa was tied and riddled with cronyism, thereby eclipsing its effectiveness. In 1995, a Foreign Aid study was conducted by the Freedom Support Coalition, chaired by former Congressman Dave Nagle, and its 1,000-page report was released on October 12, 1995. "Mr. Nagle said in an interview that 80 percent of foreign aid is spent in the United States buying food, equipment, expertise, and services. But he said many Americans wrongly believe most [of] the $13 billion a year the US has been spending on foreign assistance goes directly to foreign leaders" (*The Washington Times*, October 13, 1995; A17).

Even then, USAID was plagued with cronyism: "Ninety-five percent of procurement went to a few firms that only did business with AID. They were inside-the-Beltway firms that employed former AID staffers," said Larry Bryne, the assistant administrator for management (*The Washington Times*, August 19, 1996; A8). Known as "a cadre of Beltway Bandits, these Washington-based firms, or firms with Washington offices, were experienced in winning USAID contracts and cornering a large portion of USAID contracts to Central and Eastern Europe and the former Soviet Union" as well (Wedel 1998, 27). Similarly, "an estimated 80 percent of French aid comes back in salaries, orders and profits," according to Biddlecombe (1994). Japanese aid is 100 percent tied. Chinese aid, however, is more than 100 percent tied. The Chinese insist that their aid money not only buy Chinese goods but must also employ Chinese workers!

A large part of the donor funds goes to feed a hungry Western NGO bureaucracy. Aggressive lobbying campaigns often are launched to provide justification for the continuation of food relief aid. Ken Hackett, director of Catholic Relief Services, pitching the idea of food aid, told the US Congress: "Each food aid dollar has at least a double impact. First, the funds are spent primarily in the United States on US commodities, processing, bagging, fortification, and transportation. This enhances economic activity and increases the tax receipts to the US government. Second, the food is provided to people and countries which cannot afford to import adequate amounts of food on a commercial basis. Finally, when PVOs are involved, we leverage funds and services and gain broad public participation" (Maren 1997, 201).

How much of the food actually reaches the needy? In the case of Save the Children, in 1994 less than 50 percent of the total of sponsors' dollars actually went in grants to field programs. Of that amount, about half was given in grants to other organizations, which also had their own salaries and expenses, before actually implementing the programs. Thus, much smaller percentages of the money actually were devoted to field programs. Even then, not all the programs on the ground were defensible. Maren (1997) provided examples of such "idiotic projects":

> During the 1994 Somali crisis, Oxfam was teaching refugees to grow onions and cabbages and peppers in the refugee camp. The two Oxfam agriculturists discussed their dilemma nightly: The idea behind their project was to make refugees more self-sufficient. But if the refugees were going to return to their nomadic way of life, these skills wouldn't be very useful. And if they were going to settle down and become farmers, they'd need to know a lot more about agriculture than how to grow just a few cash crops. The Oxfam team drank their whisky every night and wondered aloud why they were doing what they were doing that day. (p. 98)

Because of Africa's social system of extended families, there is no such thing as an orphan. A child without parents can always find an aunt, cousin, or some distant relative to serve as a guardian. Yet "a Canadian group arrived one day looking for orphans. They checked into the local office of the National Refugee Commission and were given permission to collect whatever orphans they found. Thirty or forty children were gathered together and loaded onto a truck and carted off to an orphanage in Mogadishu, while their clan elders protested" (ibid., 95).

According to Claude de Ville de Goyet, director of

the WHO's emergency preparedness and disaster relief coordination program in the Americas, such "crisis junkies" do more harm than good:

> Instead of supporting local emergency and medical services, they inundate them with unrequested, inappropriate and burdensome donations of clothes, medical equipment and packaged food. Many misguided individuals seem motivated as much by the chance to raise their own profiles at home as by a genuine opportunity to do some good. You see hundreds of small agencies turning up at the scenes of disasters. Some of them pop up because there is money or because there is media coverage, which is emotionally appealing.
>
> I visited the Balkans during the Kosovo crisis and frankly I was astonished to see youngsters doing de-mining, medical care and mental-health assistance. I wondered what kind of previous experience they had. Some of them did contribute very much. But people tend to consider that, just because it is a European or American from a developed country, they can do better than a national would do in a disaster, I am sorry, but that is wrong. (*The Washington Times*, September 4, 2000; A11)

Mr. De Goyet lamented that the cost of sending helicopters to Mozambique in March 2000 was not only too late to rescue the majority of the victims of massive flooding but also could have better paid for thousands of villagers to rebuild their shattered lives. Said De Goyet: "'Dispatching Western medical teams was worse than useless, as they absorbed large chunks of the aid budget but arrived long after the critical 24 hours when acute medical care was needed. They then departed too quickly to help local doctors deal with the long-term consequences of the disaster'" (ibid.).

Poor Judgment

Fifth, Western governments and development agencies failed to exercise prudence in granting aid and loans to African governments. Much Western aid to Africa was used to finance grandiose projects of little economic value and to underwrite economically ruinous policies. There are many horrifying blunders. In Senegal, the United States built silos in 1983 and placed them in locations peasant farmers never visited. In the 1980s, Canada funded a fully automated modern bakery in Tanzania, but there was no flour to bake bread. In Somalia, the Italians funded a banana-boxing plant, but the production capacity needed to make the plant break even exceeded the country's entire output of bananas. And in northern Kenya, Norwegian aid officials built a fish-freezing plant to help the Turkana people in 1971 at a cost $21 million. The only problem was that the Turkana people do not fish; they raise goats. *The Associated Press* (December 23, 2007) carried a few other examples:

African woman going to work in the field

> The World Bank's private arm, the International Finance Corporation, has found that only half of its Africa projects succeed. Many other donors have not done much better.
>
> Here are a few of the development projects in Africa that went wrong:
>
> **Project:** Chad-Cameroon oil pipeline to the Atlantic Ocean
> **Donor:** World Bank
> **Cost:** $4.2 billion
> **Where it went wrong:** The pipeline was the biggest development project in Africa when it was completed in 2003. It was funded on condition that the money be spent with international supervision to develop Chad. However, President Idris Deby's government announced in 2005 that oil money would go toward the general budget and the purchase of weapons, or else oil companies would be expelled. Now Deby spends the oil money on regime survival and rigged elections.
>
> **Project:** Lesotho Highlands water project
> **Donor:** World Bank, European Investment Bank, African Development Bank
> **Cost:** $3.5 billion
> **Where it went wrong:** The project to divert fresh water from the mountains for sale to South Africa and for electricity began in 1986. But the electricity proved too expensive for most people, and the diversion of so much water caused environmental and economic havoc downstream. The development fund raised from selling the water was shut down in 2003. The courts convicted three of the world's largest construction firms on corruption charges and the project's chief executive

> was jailed. Tens of thousands of people whose lives were ruined by the diversion are still waiting for compensation.

In Somalia, Italy sponsored 114 projects between 1981 and 1990, costing more than $1 billion. According to Wolfgang Achtner, an Italian journalist, "with few exceptions (such as vaccination programs carried out by NGOs [nongovernmental organizations]), the Italian ventures were absurd and wasteful" (*Washington Post*, January 24, 1993; C3). One example was the $250 million spent on the Garoe-Bosaso road that stretched 450 kilometers across barren desert but is crossed only by nomads on foot.

Piero Ugolini, a Florentine agronomist who worked for the technical unit of the Italian Embassy in Mogadishu from 1986 to 1990, revealed that most of Italian cooperation projects were carried out without considering their effects on the local population. "Italian aid program was used to exploit the pastoral populations and to support a regime that did nothing to promote internal development and was responsible for the death of many of its people," he said (cited in *Washington Post*, January 24, 1993; C3).

Italian construction and engineering companies that were awarded lucrative contracts for projects in Somalia provided kickbacks to politicians in Rome and Mogadishu. In fact, Italian colonies were divided up among the politicians. Ethiopia, another former Italian colony in the Horn of Africa, was awarded to the Christian Democrats. The Socialist Party, which got Somalia, flooded it with millions of dollars of aid.

Foreign aid debacles or blunders in Africa are legion. The World Bank, for example, committed numerous blunders in Africa. In 1987, it even sought to build a regional headquarters in Addis Ababa at a time when a civil war was raging in the country. In June 1989, the Bank advanced $33 million to Somalia for structural adjustment while a civil war in the north was expanding. Maren (1997) wrote: "These so-called development agencies [the IMF and the World Bank] kept right on financing the destruction of the country. Their actions were eroding Somalia's economy, making people poor, and, in a bizarre way, creating a need for more and more aid, more and more NGOs. It was a cycle that eventually would consume itself" (175).

The same blunders were repeated in Rwanda, where a World Bank mission in September 1993 issued a glowing report in April 1994—at the same time that Rwanda descended into savage anarchy. In Algeria, also wracked by civil war, the World Bank and the IMF were supporting economic reforms in 1994–95 (*Washington Post*, August 3, 1995; 26). And when Ethiopia and Eritrea began Africa's most idiotic war in 1998–2000 over a worthless piece of real estate at Badme, with both countries, among the poorest on earth, spending more than $1 billion on arms, the World Bank continued to loan more than $1 billion to the two countries (*The New York Times*, May 22, 2000; A9).

Western Duplicity

Sixth, Western donor governments and organizations allowed themselves to be duped by shrewd and corrupt African despots. Structural Adjustment Programs or "adjustment lending" failed because of design flaws, sequencing, pedagogical inanities, and a weak commitment to reform. As noted, African dictators accepted reform—both economic and political—only reluctantly. And even when they accepted it, they performed acrobatics over it. As the Cato Institute reported in its *Economic Development Bulletin No. 2*,

> Foreign loans and aid programs in Africa were badly monitored and often stolen by corrupt bureaucrats. "We failed to keep a real hands-on posture with aid," said Edward P. Brynn, former US ambassador to Ghana. "We allowed a small, clever class that inherited power from the colonial masters to take us to the cleaners. It will take a whole lot of time and money to turn Africa around." (September 14, 2005)

Even worse, donor agencies seldom agreed among themselves. A case in point was Mozambique in 1995. The IMF demanded budget cuts to squeeze out inflation. On the other side, aid-giving governments argued that if IMF went on squeezing, there would be nothing left to adjust. Western ambassadors in Mozambique, including US Ambassador Dennis Jett, wrote a stiff letter to IMF headquarters in Washington complaining about "obsession with monetary targets and no interest in the lives of ordinary people" (*The Economist*, October 28, 1995; 46). The IMF did not back down.

More maddening, the donor agencies knew or should have known all along the motivations and activities of corrupt African leaders and that billions of aid dollars were being spirited into Swiss banks by greedy African kleptocrats.

In a letter to the editor of *The Washington Times*, Stephen Thomillionon was furious: "The infusion of cash strengthens corrupt ruling classes and encourages the continuation of disastrous socialist policies. Thus,

the World Bank becomes, in effect, the partner of corrupt, oppressive, often brutal regimes" (*The Washington Times*, June 20, 1995; A18). As Gourevitch (1998) noted in regards to the late Rwandan president General Juvenal Habyarimana, "Development was his favorite political word and it also happened to be a favorite word of the European and American aid donors whom he milked with great skill" (p. 69).

World Bank loans and foreign aid to Africa bailed out tyrannical regimes. After its economy was shattered by crass "revolutionary" policies in 1983, the Marxist PNDC regime in Ghana found its days numbered. The Soviets and Cubans could no longer provide assistance. It made overtures to the West, which responded with alacrity, eager to win one more "convert." The regime signed a structural adjustment agreement with the World Bank in 1983. Slight improvements in the economy were hysterically hailed and Ghana was declared a "success story," a "role model for Africa." Twelve years later and after the infusion of more than $4 billion in World Bank loans and credit, the World Bank itself admitted in its own 1996 Country Assessment Report that declaring Ghana a "success story" was a mistake and not in the country's own best interest.

Events were similar in Mozambique and Angola, whose economies had been devastated by years of senseless civil wars. The Marxist regimes in both countries, under siege from freedom fighters, were about to collapse. They did what any clever Marxist would do to survive: blamed apartheid South Africa for funding insurgency activity in their country, eschewed doctrinaire Marxism, expunged all references to this ideology from government documents, and signed a structural adjustment agreement with the World Bank. Eager to woo these countries from the Soviet orbit, Western financial and technical assistance poured into Mozambique in the late 1980s, at the rate of $800 million a year. Britain even provided military assistance and personnel to help Zimbabwean forces crush the insurgents in Mozambique and to rebuild and reopen the Beira Corridor that allowed goods to flow from the interior to the port city of Beira. Suddenly, these resistance forces or freedom fighters, who for years had put up a courageous struggle against brutal Marxism, were now characterized as "bandits" and forsaken by the West.

The same fate befell the resistance forces in Angola. In July 1989, when Angola was faced with imminent economic collapse, President dos Santos took up membership in the IMF. A year later his government formally abandoned Marxist–Leninism and announced that it would introduce a market economy. The new Clinton administration cheered and the State Department made diplomatic exchanges with Angola. Dos Santos was invited to the United States, just as Jerry Rawlings was officially invited. The rehabilitation and bailout of Marxist "tin gods" was complete.

In this way, World Bank-sponsored SAP provided failing regimes the door to redemption in the West and, more important, to their own survival. Had the World Bank insisted on signing SAP agreements with only democratic countries and those at peace, the course of history in Ghana, Mozambique, and Angola would have been different and their people would have breathed easier. The very act of signing such an agreement was an admission of failure. Johnson (1993) noted that

> Western experts who had backed the rapid transfer of power argued that Africa, in particular, was going through a difficult transition, and that patience—plus assistance of all kinds—was imperative. That view is now discredited. During the 1980s it came to be recognized that government-to-government aid usually served only to keep in power unsuccessful, unpopular and often vicious regimes. By the early 1990s, some international agencies were beginning to openly argue that, in crisis situations, like the famine in East Africa, a Western military presence was essential to supplement a largely nonexistent government. (p. 7)

Uganda, dependent on foreign aid for 55 percent of its budget, was hailed as a "success story" by the World Bank and the IMF, despite growing concerns about its democracy, defense spending, its inane intervention in the Congo conflict, and rampant corruption. Yet, on December 11, 1999, Uganda's aid donors announced the country's biggest-ever dollop of aid: $2.2 billion, with no visible strings attached. Of this, $830 million was to be given quickly as budget support and the rest was to come in chunks over three years. "Cynics might say that Uganda can hold the world to ransom because the World Bank, the IMF and the other foreign donors cannot afford to let their star pupil go under" (*The Economist*, February 12, 2000; 61).

The Foreign Aid Circus

Finally, foreign aid has now become something of a circus and a growth industry, employing hundreds of thousands of people. It is replete with its own lobby-

ists and influence peddlers. In this industry can be found a cacophonous gaggle of Western donors and multilateral financial institutions, such as the World Bank, the IMF, Western academics, scholars, various policy wonks, NGOs, human rights advocacy groups, anti-poverty activists, Hollywood stars, rock stars, and a swarm of "fly-by-night" experts who gain "instant knowledge" after a mere one-day stay in a developing country. They seldom agree among themselves. There is little coordination among them. There is no road map or concerted action. Each does their own thing.

Every decade or so, they launch various grand initiatives to help pull the world's poorest continent out of its economic miasma. Mega-plans are crafted to launch international rescue missions for Africa. Emaciated bodies of famine victims are paraded on television. Hollywood stars cradle rail-thin babies. Acrimonious wrangling over financing modalities ensues. Years slip by. Then a decade later, another grand Africa initiative is unveiled. Back in 1985, there was Live Aid and a "Special Session on Africa" held by the United Nations to boost aid to Africa. Then on March 15, 1996, the United Nations launched a $25 billion "System-Wide Special Initiative on Africa" to revive development. The initiative, to cover the period 1996 to 2006, was to develop programs in education, health, government, sanitation, and peace-building. In announcing the initiative simultaneously around the world in Africa, Europe, and the United States, the UN Secretary-General Boutros Boutros-Ghali warned that Africa was in danger of becoming the "lost continent" (*The Washington Times*, March 16, 1996; A9).

In the same year, the World Bank and the International Monetary Fund launched a program called "Highly Indebted Poor Countries (HIPC) Initiative." Initially, it called for debt relief for poor countries that undertook economic reform. Although most of the countries were in Africa, only eight countries, including five in Africa, qualified for debt relief totaling $6.5 billion by September 1998. Uganda had $650 million in debt cancelled. Subsequently, Ghana and Zambia had their debts reduced by some $100 million.

Not to be outdone, in 1996, the US House of Representatives passed the "Africa Growth and Opportunity Act" (AGOA, HR 434). The bill grew out of the recognition that the old donor-recipient approach had failed. Said Representative Jim McDermott: "We propose to move away from, 'If you reform your economy we will give you development assistance' to a more dynamic response that says, 'If you liberalize your trade, political and economic policies, we will expand our trade and investment relation with you'" (Congressional Testimony, August 1, 1996; 7).

In September 2005, the plight of Africa again took center stage at a UN conference with clockwork precision. But little resulted from these initiatives. It is easy to be cynical about all this help for Africa, which, in some cases, may be characterized as "opportunistic compassion." With its plight worsening over the years, Africa became an opportunity for people seeking redemption or a chance to advance their own careers or egos. Over the years, various Hollywood celebrities and rock stars have flown to Africa to "cut their compassion teeth." What better opportunity is there than to be seen cradling the emaciated body of a famine victim?

In 2006, Madonna, the US pop music star, flew to Malawi and adopted David Banda as her son and brought him to London before his adoption was finalized in 2008. On March 28, 2009, she flew to Malawi again to adopt a three-year-old girl, Chifundo James, to be a sister to David. This time her application was rejected on grounds that prospective parents must be resident in Malawi for eighteen to twenty-four months. The rule had been waived for the first adoption. In declining the application, Judge Esmie Chondo voiced concerns about the potential ramifications a ruling in Madonna's favor might have on adopted children's human rights. "By removing the very safeguard that is supposed to protect our children, the courts by their pronouncements could actually facilitate trafficking of children by some unscrupulous individuals," she said (http://news.bbc.co.uk/2/hi/entertainment/7980951.stm). The judge also noted that Chifundo had been placed in one of Malawi's best orphanages and no longer suffered the severe poverty endured after her mother died in childbirth. "It is evident that Chifundo James no longer is subject to the conditions of poverty at her place of birth," she said in the ruling. Malawi's highest court overturned the ruling.

In another case of celebrity involvement in Africa, jailbird Paris Hilton claimed she was a changed woman after spending twenty-three days in jail in 2007 for violating her probation on a DUI charge. "Before, my life was about having fun, going to parties—it was a fantasy. But when I had time to reflect, I felt empty inside. I want to leave a mark on the world," she offered. So she embarked on a mission—to "help Africa." She said she would be going to Rwanda for five days,

visiting schools and health-care clinics and staying in decidedly un-Hilton-like accommodations. "I'm scared, yeah. I've heard it's really dangerous . . . I've never been on a trip like this before" (*Newsweek*, October 22, 2007; 58).

The Western media loves all this. It brings the celebrities instant recognition. But what real long-term solutions do these celebrities bring to Africa? And who is held accountable if their programs don't work?

The fact is, nobody in the development aid industry is held accountable for their mistakes and blunders either. They simply move on to the next crisis to dispense vile advice. Nor is there any effort made to listen to those who are being "helped." The "we-know-best" attitude stands in the way. There are so many Western groups and activists who claim to be helping a people in the developing countries that they don't understand. Get this: The people being helped must speak for themselves, but they need *freedom of expression* to do so. Real reform begins with intellectual freedom and the flip-side of *intellectual freedom* is the free media in their respective countries.

Africa was so ecstatic over Barack Obama's presidential election victory in 2008, describing him as "Africa's own son." He was expected to do much more for Africa than previous US presidents. Africa Growth and Opportunity Act (AGOA) was former President Clinton's signature program. Former President George W. Bush had also checked in with the President's Emergency Plan for AIDS Relief (PEPFAR).

Most Africans placed hope for change in Obama but became disappointed in his US–Africa policy. At a symposium of the G-8 Summit in Washington DC on May 18, 2012, the Obama administration announced the four pillars of US–Africa policies: strengthen democratic institutions; spur economic growth, trade, and investment; advance peace and security; and promote opportunity and development. None of the countries he visited in Africa met these goals.

Egypt, the first country he visited, became a mess after the Arab Spring. "Africa does not need strongmen; it needs strong institutions," Obama told Ghana's Parliament in July 2009. But "every institution in Ghana is corrupt," Hon Ken Agyapong, an opposition MP, claimed (https://goo.gl/jp5r83). Worse, the country which Obama hailed in 2009 was seeking an IMF bailout in 2016.

In Kenya, Obama's fatherland which he visited in July 2015, legislators make more than their US counterparts. Opposition leader Raila Odinga claimed that $1.9 billion of Eurobond funds have been embezzled (*Standard*, January 14, 2016, https://goo.gl/7ao83h). Ethiopia which Obama also visited, practices "revolutionary democracy." Its ruling regime—the Ethiopian People's Revolutionary Democratic Front (EPRDF)—won ***all*** parliamentary seats in the May 2015 elections. Some democracy.

In 2001 when Bush declared war on terrorism, all sorts of shady African despots suddenly claimed that they too were fighting terrorists in order to receive US aid when they themselves were sponsors of state terrorism against their own people. In 2017, Ethiopia was still an "ally," receiving billions in Western aid. It labels and jails journalists and even bloggers critical of its policies as "terrorists" (Committee to Protect Journalists, https://cpj.org/2013/02/attacks-on-the-press-misusing-terror-laws.php). Africa's unpopular President Jacob Zuma steadfastly undermined democratic institutions. He was accused of using public funds on his private mansion at Nkandla.

In August 2014, the White House lowered the bar further by inviting leaders from some fifty African countries for a US–Africa Summit. They included various rogue leaders who have repealed constitutional term limits; flagrant abusers of human rights; military despots as well as some who have been in power for more than thirty years.

Under President Obama's watch, the democracy needle barely moved—stuck at sixteen out of the fifty-five African countries. To be sure, "Africa Rising" was the giddy buzzword under Obama but he was not the main architect. Fueled by China's demand for its raw materials, Africa's growth rate rocketed to 5.1 percent in 2013; its best performance in decades. The slowdown in China's economy, however, threatened to unravel gains made in African economies—from Ghana to South Africa. To help ameliorate the discomfort, China pledged $60 billion in aid (*The New York Times*, November 14, 2015).This was well intentioned, perhaps, but a far cry from Africa's deep-seated structural problem. Between 1960 and 2010 Africa received $1 trillion in foreign aid from the OECD but over $1 trillion in loot was shipped out of Africa. Said a traditional chief, "Here in Lesotho, we have two problems: rats and the government" (*Health & Development*, March/April, 1989; 30).

Obama's signature project was "Power Africa," a modest $7 billion project coordinated by USAID with a goal of doubling electricity access in Sub-Saharan Africa over five years. But it got off to a sputtering start.

When Obama introduced Power Africa during a visit to Cape Town in 2013, he said the program would provide "a light where currently there is darkness, the energy needed to lift people out of poverty" (*The New York Times*, July 21, 2015). But little progress was made.

> Nigerian officials say that while they welcome the Power Africa initiative, they have only had conversations about potential projects.
>
> "I am not aware of any concrete plans for power plants that have emerged as a result of Power Africa," said Sam Amadi, chairman of the Nigerian Electricity Regulatory Commission, the country's electric power regulator. (ibid.)

Having seen his Power Africa initiative fizzle, Obama settled for a paltry power project—the Electrify Africa Act—that would bring electricity to 50 million of Africa's 1.2 billion people, leaving Obama's US–Africa legacy in tatters.

On the Recipients' Side

It is easy for African leaders to put blame somewhere else, for example, on Western aid donors or on an allegedly hostile international economic environment. But as the World Bank (1984) observed, "Genuine donor mistakes and misfortunes alone cannot explain the excessive number of 'white elephants'" (p. 24). Certainly, the recipients—African governments—were also responsible for the failure of aid programs.

It must be stated that there is nothing wrong with borrowing money. The cardinal principle of borrowing, however, requires that the loan be used productively to generate a net income over and above that required for debt repayment or amortization. Unfortunately, this was not the case in many African countries. External loans were not used productively. Some were used to finance reckless spending; to establish grandiose loss-making state enterprises and other "black elephants"; to purchase weapons to slaughter the African people; while the rest was simply squandered.

Consumption Loans

There are three ways in which foreign aid or loans are "consumed." The first is borrowing from abroad to finance a budget deficit on the budget current account. Such a loan simply finances recurrent expenditures; for example, paying civil servants' salaries. The use of the loan generates no foreign exchange or return to pay back the loan. Ghana has had chronic budget deficits. In September 2014, the wage bill of Ghana's government consumed 70 percent of the budget and it approached IMF for a bailout. In Zimbabwe, the government spent 80 percent of its revenue on the wage bill (*Zimbabwe Independent*, February 13, 2015).

Obviously, such borrowing to cover a wage bill was consuming the loan. If a loan is used to finance a deficit on the capital account, such as a new office building or telephone system, it must produce or save enough foreign exchange to service the loan. But in general, this is difficult to achieve.

A second type of consumption loan is borrowing abroad to finance imports of consumer goods (corned beef, sardines, Mercedes Benzes, TV sets, etc.). In this case, a loan is simply consumed and there will be nothing to show for it; no foreign exchange saved or earned. Ghana, Nigeria, and Cameroon borrowed much to buy consumer goods. In the early 1980s, for example, more than half of Tanzania's imports were financed by loans from foreign governments (foreign aid).

The third type of consumption loan is that taken to purchase arms and ammunition—the most useless and pernicious use of foreign aid. BANG, BANG, BANG, and the loan goes up in smoke. No income generated to repay the loan. Ethiopia, Angola, Mozambique, Libya, Chad, Somalia, and Uganda all took foreign loans to buy weapons to wage various campaigns. If conflicts can be settled through dialogue and negotiation at very little cost, then what is the sense for a poor nation to borrow heavy amounts and wage military conflicts? What Africa spends on arms—much of which is bought with foreign loans—in the teeth of its famine crisis, defies logic. In Africa's most idiotic war between Ethiopia and Eritrea (1998–2000), both countries were spending $1 million a day on weapons while their people were being ravaged by AIDS and famine.

> According to figures from the Institute for International Strategic Studies in London, Ethiopia, a country of 60 million, spent $480 million on arms in 1999; Eritrea, a nation of 3 million, spent $306 million. They spent slightly smaller amounts in 1998.
>
> This year [2000], Ethiopia's defense budget is set to rise to $533 million. Yet before the first outbreak of war in 1998, Ethiopia's defense budget was a little more than $100 million, the Institute said.
>
> In the last four years, Ethiopia received $924.9 million from the World Bank, more than two-thirds of it in 1998 after a first round of fighting, according to the World Bank. Eritrea, a much smaller country, received less. The

World Bank never threatened to stop the money, bank officials said, although Ethiopia lost its program with the IMF because of excessive military spending. (*The New York Times*, May 22, 2000; A9)

Unproductive Investments: Prestigious "Black Elephants"

Though foreign aid was used to finance specific development projects, they tended to be grandiose projects and state enterprises, dictated more by considerations of prestige than by concerns for economic efficiency. The late Mobutu Sese Seko of Zaire once declared, "I know my people. They like grandeur. They want us to have respect abroad in the eyes of other countries" (*The Wall Street Journal*, October 15, 1986). Accordingly, half of Zaire's foreign debt of $6 billion went to build two big dams and the Inga-Shaba power line, as well as a $1 billion double-decked suspension bridge over the Congo River. The upper level was for a railroad that did not exist.

By 1983, Ghana had more than 240 state enterprises (SEs) but their performance was nothing short of scandalous. Those enterprises, set up with foreign loans, were supposed to earn or save Ghana the foreign exchange needed to service or pay back the loan. Instead, they racked up losses upon losses, and used up more foreign exchange to compound the debt crisis. The state enterprises could not fill the shortfall in production. Inevitably, the results were greater inefficiency, excess capacity, and economic retrogression. In Chapter 6, we provided a compendium of scandalous operations of state-owned enterprises.

Lack of Commitment to Reform

African dictators accepted reform—both economic and political—only reluctantly. And even when they accepted it, they performed what we earlier called the "Babangida Boogie"—one step forward, three steps back, a flip, and a sidekick to land on a fat Swiss bank account. They manipulated the process and came out ahead for themselves . . . at the expense of their countries.

- Ask them to privatize inefficient state enterprises and they would sell the companies to themselves and their cronies at fire-sale prices. In 1992, in accordance with loan conditionalities, the Government of Uganda began a privatization effort to sell off 142 of its state-owned enterprises. However, in 1998, the process was halted twice by Uganda's own Parliament because, according to the chair of a parliamentary select committee, Tom Omongole, it had been "derailed by corruption," implicating three senior ministers who had "political responsibility" (*The East African*, June 14, 1999). The sale of these 142 enterprises was initially projected to generate 900 billion Ugandan shillings or $500 million. However, by the autumn of 1999 the revenue balance was only 3.7 billion UShs.
- Ask them to develop their economies and they will develop their pockets. Ask them to seek foreign investment and they will seek a foreign country to invest the loot.
- Ask them to trim their bloated bureaucracies and cut government spending and they will establish a "Ministry of Less Government Spending" (Mali).
- Ask them to establish a market-based economy and place more emphasis on the private sector and they will create a "Ministry of Private Enterprise," as Ghana did in 2002.
- Ask them to establish good governance and they will set up a "Ministry of Good Governance" (Tanzania).
- Ask them to establish democratic pluralism and they will create surrogate parties, appoint their own Electoral Commissioners, empanel a gang of lackeys to write the constitution, inflate the voter's register, manipulate the electoral rules, toss opposition leaders into jail, and hold coconut elections to return themselves to power.
- Ask them to fight corruption and they will set up an anti-corruption commission with no teeth. And when the anti-corruption czar sniffs too close to the fat cats, they would write a White Paper to exonerate the corrupt ministers fingered, as happened in Ghana in 1996. Or they would immediately shut the commission down. In Kenya, the czar, John Githongo, had to flee Kenya for Britain after receiving death threats. In Nigeria, Mallam Nuhu Ribadu was sent off to Britain for "further studies" in 2006. Zambia's anti-corruption czar, Maxwell Nkole, was sacked on August 29, 2009. In Tanzania, as previously stated, the entire Cabinet was dissolved in February 2008 over a corruption scandal involving the award of a $172.5 million contract to a Texas-based company that did not exist. Then it was discovered that the anti-corruption czar, Dr Edward Hosea, himself was implicated. In South Africa, the Scorpions, an effective anti-corruption unit was disbanded by President Thabo Mbeki in October 2008. The Scorpions were quite effective, securing a conviction rate of nearly 90 percent.

> Following allegations of corruption, the Scorpions raided homes of high-ranking politicians within the ANC Party, including then Deputy President Jacob Zuma, former Transport Minister Mac Maharaj, and Durban businessman and Zuma's former financial adviser, Schabir Shaik. Shaik was convicted on fraud and corruption charges relating to South African arms deal. Charges against former Deputy President Jacob Zuma were dropped.

When Lamido Sanusi, the governor of Nigeria's central bank, accused the state oil company, the Nigerian National Petroleum Corporation (NNPC), of failing to remit $20 billion in revenues to government accounts, he was sacked by President Goodluck Jonathan for "financial recklessness and misconduct" (*BBC News*, March 11, 2014). As *The Economist* (March 1, 2014) noted:

> Eighteen months ago (August 2012) the former anti-corruption tsar, Nuhu Ribadu, claimed tens of billions of dollars in oil-and-gas revenue had been siphoned off in 2002–12. The president ordered three reports into it, but they never saw the light of day—if they exist at all—and no one was prosecuted. Months later the Nigerian Extractive Industries Transparency Initiative, part of a global lobby for transparency in natural-resource revenues, revealed a leakage of more than $9.8 billion in 1999–2008. (p. 41)

The reform process in Africa has stalled through vexatious chicanery, strong-arm tactics, willful deception, and vaunted acrobatics. In 2017, only seventeen out of the fifty-five African countries were democratic and fewer than eight African countries were "economic success stories." Intellectual freedom remained in the Stalinist era: only eight African countries had a free and independent media. Without new leadership and genuine reform, more African countries were destined to implode.

Corruption, Fraud, and Shady Deals

Considerable evidence exists to suggest that many foreign loans were contracted under rather dubious and corrupt circumstances. Ghana foreign debt stood at $5 billion in 1995 with a population of seventeen million.

To finance its industrialization drive, Nkrumah borrowed heavily from abroad under supplier's credit, which we discussed above. In a supplier's credit arrangement, an equipment peddler would sell Ghana equipment over a period of time, generally four to six years. The peddler then would obtain credit from private banks and have it guaranteed by his own country's governmental export credit insurance organization. After this arrangement, any future dealings would be between Ghana and the export credit organization; not with the peddler. He was paid and gone.

Under supplier's credit arrangements, Ghana bought in many cases obsolete equipment at inflated prices and contracted a huge foreign debt between 1961 and 1966, as we saw earlier. For example, recall the expensive three Ilyushin jets Ghana bought from the Soviets, at a time when Ghana Airways was having difficulty filling its planes. They turned out to be old jets that had been repainted. There had been persistent allegations of corruption and fraud in the use of aid to Ghana: "The British environmental group, Friends of the Earth, says millions of dollars in overseas aid—going to Ghana's timber sector—had been diverted by local and foreign logging firms which got development aid from the British Overseas Development Administration and the World Bank" (*The African Letter*, March 16–31, 1992; 1). Even refugee aid was not spared. Mattresses, rations, and other relief supplies to Liberian refugees encamped at Budunburam in Ghana were regularly pilfered by the authorities. When a Liberian refugee by the name of Oscar complained, "the Ghanaian soldiers beat him" (*Index on Censorship*, April 1996).

External loans contracted privately on behalf of Ghana were subject to much abuse and fraud:

> A Member of Parliament for the Wassa-Mpohor constituency [Mary Stella Ankomah], has disclosed that the government pays agency fees on loans it contracts. Miss Ankomah also said that the government pays what it terms "exposure fees" before loans are granted to the country.
>
> The MP explained that the government claims it pays middlemen, who lead Ghana to negotiate loans on its behalf, a certain percentage that these agents demand.
>
> She said when the minority Million smelt some fishy deals in the whole exercise, they invited the Deputy Minister of Finance, Mr. Victor Selormey, to explain the term "agent and exposure fees" to the House.
>
> According to Miss Ankomah, the Minister said there are some benevolent Ghanaians in the United States who negotiate loans for the country under the condition that they are paid a certain percentage. Under one of such conditions, the MP said the government paid out 27 percent of an $8 million loan recently given to the country by a European country.
>
> The MP wondered how a country with a Minister

> of Finance and an economic team which oversees the economic performance of the country should contact an agent in contractual bids. She described the Minister's explanation as a big farce. (*The Independent*, August 28–September 4, 1996; 1)

In the late 1990s, loans provided by the World Bank for various poverty-reduction programs were embezzled by elite bandits. As mentioned in Chapter 5, according to the Serious Fraud Office, 130.3 million cedis (or $20,000) of the World Bank's poverty-reduction program, intended for the small community farmers of the Afram Plains was embezzled, as was 58 million cedis to Ghana's Statistical Service to conduct a survey and compile core welfare indicators. In addition, 155.4 million cedis provided to the Ghana Statistical Service for a "Living Standards Survey" were misappropriated.

In 1997–98, 650 million cedis (about $278,000) granted to the Tema Municipal Assembly for its Poverty Alleviation Programme disappeared. No record can be found for the money having been spent on any projects to alleviate poverty, for which it was intended (*Free Press,* January 13–19, 1999; 1). "Political observers questioned the Assembly's integrity under the leadership of Nii Armah Ashietey. 'He calls himself a mafia and says only God can remove him from the Assembly,' an observer remarked, adding that he is a law unto himself so far as matters of the municipality are concerned" (ibid.).

Goosie Tanoh, leader of the National Reform Party, disclosed that "'It is an open secret that so many grants from Japan, Canada, USA and Britain had been given to party functionaries who have misapplied it'" (*The Ghanaian Chronicle*, August 14, 2000).

In Kenya, Nairobi's deputy mayor, Abdi Ogle, demanded the resignation of the World Bank's country director for Kenya, Harold Wackman (a Canadian), accusing him of turning a blind eye to embezzlement of an emergency loan of $77.5 million in July 1998 to repair infrastructure damaged by heavy rains. "Not a cent of this money has come to the City Council because it has disappeared into private pockets within the Ministry of Local Government," fumed Ogle, who also demanded the resignation of the Minister, Sam Ongere (*Daily Graphic*, January 9, 1999, 5).

In June 1999, the EU announced that it had suspended aid to Ivory Coast after discovering that about $30 million donated for health programs had apparently been misused. The Ivory Coast authorities arrested four senior government officials for questioning in connection with the alleged embezzlement (*BBC World Service*, July 18, 1999).

And at the International Conference on AIDS and Sexually Transmitted Diseases in Africa in Lusaka in September 1999, former Nigerian health minister Olikoye Ransome-Kuti accused some African governments of stealing the bulk of funds meant for the purchase of medical drugs. Kuti said many of the HIV/AIDS patients could be saved and the epidemic effectively controlled in the region if governments valued the lives of their people and looked critically at the ways funds were being spent. He added that it would not be helpful to appeal for international aid toward the procurement of drugs when the money was being stolen by the governments. "Donors no longer listen to our whines. I am also sure they will respond promptly when our governments demonstrate a determination to care for the people" (*PanAfrican News Agency*, September 13, 1999).

Mauritania, a poor arid West African country, receives aid from wealthy Western countries. About 70 percent of it goes back as interest payments and the rest is embezzled. "The chief opposition party, Union des Forces Democratiques, claimed that since 1985, the government of ex-President Maaouya Ould Sid'Ahmed Taya siphoned away $1.8 billion of aid money for itself and its supporters. When the party raised questions about the missing money, its leaders were promptly thrown in jail. Mohammed Ould Lafdahl, the chief opposition spokesman, says debt relief will go the same way as the original loans" (*The Economist*, September 23, 2000; 52).

Summary and Conclusions

It has been evident that grandiose plans drawn up by the African Union to accelerate development on the continent have not yielded many good results. Further, the plethora of initiatives taken by international organizations, as well as the troupe of Hollywood and music stars, though well intentioned, made little difference. Reform as a condition of World Bank loans was not fruitful either—largely because of the resistance to reform. The relationship with China could have been a boon, but it became apparent that China had its own interests in Africa and cared less about Africa's. Foreign aid can be useful, but its record in Africa has been terrible. Moreover, foreign donors are also often more interested in advancing their own interests in Africa.

Obviously, the record of official development assistance in Africa under all phases has generally been a dismal failure—a fact recognized by the donors. It underscores their unwillingness to provide more aid (donor fatigue). OECD aid to Africa fell by 22 percent between 1990 and 1996, decreasing by 18 percent to Sub-Saharan countries between 1994 and 1996 alone (DeYoung 2000a, A1). Even humanitarian aid to Africa began to shrink. Contributors to United Nations aid and development programs provided slightly more than half of the $800 million requested in 1999 for African countries suffering from "complex emergencies"—the term applied when war and failed institutions (often combined with a natural disaster) leave vast numbers of people homeless and starving. Specific programs for some particularly problematic areas, such as the Great Lakes region of Central Africa, including the two Congos, Rwanda, and Burundi, have fared even less well (DeYoung 2000b, A1).

Perhaps, the decline in foreign aid is just what Africa needs. As Maritu Wagaw wrote: "Let Africa look inside Africa for the solution of its economic problems. Solutions to our predicament should come from within not from outside" (*New African*, March 1992; 19). Indeed, the aid resources Africa desperately needs can be found inside Africa itself. Most African leaders don't use their heads, and tragically the Western donors who give them aid money don't use theirs either.

First, the amount African governments spend annually on their militaries each year exceeds what they receive in foreign aid. Foreign aid to Africa from all sources amounts to $35 billion a year. According to Stockholm International Peace Research Institute (SIPRI), in 2013, military expenditures in Africa amounted to $44.9 billion (https://bit.ly/2OUYe17).

Second, the elites illegally transferred from Africa at least $15 billion annually during the latter part of the 1980s. By 1991, this trickle had become torrential. According to *The New York Times* (February 4, 1996), "The United Nations estimated that $200 billion or 90 percent of Sub-Saharan part of the continent's gross domestic product (much of it illicitly earned), was shipped to foreign banks in 1991 alone" (p. 4). These elites had too little faith to invest their ill-gotten wealth in their own economies. Yet they urged foreigners to invest in Africa.

"Capital flight and illicit financial flows out of Africa cost the continent between $50 and $148 billion per year," according to UNECA (2014). At its lower bound, the number is about the same as the foreign aid that flows into the continent.

Third, at least $35 billion annually could be saved if Africa could feed itself, instead of importing food (https://bit.ly/2N2wPcN). Foreign exchange saved is foreign exchange earned. Fourth, another $5 billion could be saved from waste and inefficiencies in Africa's 3,200-odd state enterprises. This might entail selling off some of them or placing them under new management. Fifth, the civil wars raging in Africa exact a heavy toll in lost output, economic development, and destroyed property. If Angola's civil war alone cost the country $1 billion annually, $10 billion would not be an unreasonable estimate of the average annual cost of civil wars throughout the continent. Adding up these savings and the foreign exchange generated from internal sources would yield at least $100 billion annually, compared with the $35 billion in aid Africa received from all sources in 2013.

A bucket full of holes can only hold a certain amount of water for a certain amount of time. Pouring in more water makes little sense as it will all drain away. To the extent that there are internal leaks in Africa—corruption, senseless civil wars, wasteful military expenditures, capital flight, and government wastes—pouring in more foreign aid makes little sense. As a first order of priority, the leaks should be plugged to ensure that the little aid that comes in, stays. As President Reagan once stated, "Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress" (Bovard 1986, 2). To believe otherwise is a myth. Kofi Annan, former UN Secretary-General, said as much in a foreword on the issue for the Africa Progress Report 2013: "Africa loses twice as much in illicit financial outflows as it receives in international aid" (p. iii). But African dictators continue to believe that only more foreign aid will save Africa.

These observations suggest that Africa needs to look within itself for resources to develop and it needs to devise its own African solutions for African problems. This assertion does not necessarily rule out foreign help. Foreign governments, organizations, institutions, and actors can help Africa but would need to pay heed to the following injunctions:

1. Dispense with the belief that there is a "government" in place in the African country that cares about its people, represents their interests, is responsive to their needs, and holds economic and social development as its main objective. The rigid adherence to this

belief, in the face of copious evidence that the institution of government has been transformed into a criminal enterprise, is truly astonishing. To most Africans, talk of development partnership by EU officials means partnership with crooks and gangsters.

2. Distinguish between African leaders and the African people. It is not necessarily true that helping the "leaders" or the governments necessarily helps the people. The two are not synonymous. In Africa, the people are not the problem; their leaders and governments are. The Clinton administration's Africa policy, for example, was "leader-centered." It sought out an "Abraham Lincoln" to develop a warm, cozy relationship—euphemistically called "partnership"—with and then "work with" him to transform his society. Most of these African "Abraham Lincolns" the Clinton administration formed "partnerships" with turned out to be crooks with dubious democratic credentials. The five African heads of state President Clinton hailed in 1998 as the "new leaders of Africa" turned out to be old wine in new bottles.

3. Distinguish between outcomes and the processes or institutions required to achieve those outcomes. While it would be desirable to have a democratic Africa, based on the free-market system, these are the outcomes of often long and arduous processes. By focusing almost exclusively on the outcomes, the Clinton administration set itself up to be duped by hucksters.

For example, a market economy is a desirable outcome, but it cannot be established without secure property rights, the free flow of information, the rule of law, and mechanisms for contract enforcement. Since these processes or foundations are missing in modern African economies, the free markets the Clinton administration hoped to establish in these countries were mirages, regardless of assurances by the so-called "new African leaders."

4. De-politicize Africa policy. The "feel-good" Clintonian approach that placated African Americans must be abandoned if a US administration desires a more meaningful engagement with Africa that is mutually beneficial. Causes championed by many African American legislators may be well intentioned, but they will not solve Africa's problems. Native-born African dissidents and exiles living in the United States should be the additional or first source for advice.

5. Focus on building institutions. The existing leader-centered paradigm must be demolished and replaced with a new approach that places more emphasis on institution building. Leaders come and go, but institutions endure. This author was overjoyed when President Obama declared in July 2009 in Ghana's Parliament that "Africa does not need strongmen; it needs strong institutions." Unfortunately, Obama did not push this dictum strongly enough. In August 2014, he invited to the White House fifty African heads of state, many of whom had left their institutions in tatters.

REVIEW QUESTIONS

1. Discuss one of the grand initiatives crafted to develop Africa during the postcolonial era. (20 points)

2. Why did many of these initiatives fail? (20 points)

3. Discuss the main features of NEPAD. (20 points)

4. Explain why NEPAD was a pipe dream (20 points).

5. How would you craft an African plan for development? (20 points)

6. Why did African leaders sign up for Structural Adjustment Programs (SAPs)? (20 points)

7. Discuss the main features of Structural Adjustment Programs. (20 points)

8. Why did Structural Adjustment Programs fail in Africa? (20 points)

9. Explain the difference between commodity-backed loans and infrastructure for resources deals. (20 points)

10. Discuss an example of a problem deal. (20 points)

11. Has the entry of China helped or hurt Africa? (20 points)

12. What were the real motives of China in Africa? (20 points)

13. Does Africa need foreign aid? (20 points)

14. Why did many foreign aid programs fail in Africa? (20 points)

Chapter Seven

THE REAL OBSTACLES TO AFRICA'S DEVELOPMENT

"Most African regimes have been so alienated and so violently repressive that their citizens see the state and its development agents as enemies to be evaded, cheated, and defeated if possible, but never as partners. The leaders have been so engrossed in coping with the hostilities which their misrule and repression has unleashed that they are unable to take much interest in anything else including the pursuit of development."

—Nigerian scholar Claude Ake (1991b)

"The government has created a stateless state here in Angola. Each citizen is responsible for his own health and welfare while the government is accountable to no one. The MPLA and UNITA are like two gangs and the people of Angola are innocent bystanders caught in the middle of a drive-by shooting."

—Rafael Marques, a journalist, jailed and convicted of defamation for a 1999 article in which he characterized President Jose Eduardo dos Santos as a dictator (*Washington Post*, September 18, 2000; A1)

"Thousands of Angolans are dying of hunger because the country is mismanaged and the holders of power have turned into a band of thugs who pretend to be managing a bank. Our bank. Our petrol. Our diamonds. Our riches. But above all, our children, parents, brothers, and cousins, who they use as fodder for their diabolical cannons."

—PADPA's pamphlet circulated in Angola (*The Economist*, February 3, 2001; 47)

"If the 20th century taught us anything, it is that large-scale centralized government does not work. It does not work at the national level, and it is less likely to work at the global level."

—Kofi Annan, UN Secretary-General (*The New York Times*, September 13, 2000; A12)

"The problem in Africa is precisely that there is no state to speak of. What exists are ramshackle gangs, presided over by political thugs and military adventurists, generals who have never been to war, and rickety old men who lack vision, who simply pretend to be governing, talk less of ruling, a society. In no African social formation has this body, by whatever name it goes, been able to operate as a state."

—Julius O. Ihonvbere, Nigerian scholar, Keynote address at The All-African Student's Conference, University of Guelph, Guelph, Ontario, Canada, May 27, 1994

"Those who came toting guns and brandishing cutlasses [machetes] and shouting, 'The 31st December Revolution in Ghana is the culmination of the struggle of our people against injustice, indignity and exploitation,' are themselves today meting out the worst injustice and indignities to us, and sucking the blood of the nation to the last drop."

—Kwame Ashaai (*Free Press*, October 30–November 5, 1996; 5)

"It is so ridiculous that many of the relatively old leaders don't want to step down; many of them are refusing to accept the fact that they are no longer needed as leaders. People are fed up with appearance, and disappearance and reappearance of the same names on political scene in the country [Tanzania]. Recycling of past leaders in government has been the bane of political and leadership development in the country. Our leaders are often selfish and arrogant as they claw themselves to the top and stick there by hook or crook. Politicians have made the government an institute for harvesting. They are there to harvest and grab what they want."

—Angel Navuri, an irate Tanzanian journalist (*The Guardian*, January 16, 2011)

"The fact that I now seek Obama's assistance in locating and returning $150 billion in funds stolen in the past decade and held in foreign bank accounts on behalf of former, corrupt officials is testament to how badly Nigeria has been run."

—Muhammadu Buhari, President of Nigeria, during a visit to the United States in July 2015 (*Washington Post*, July 21, 2015)

The Predatory/Vampire State

Today, most Africans would insist that the three major obstacles holding back Africa's progress are catastrophic failure of leadership, dysfunctional governments, and corruption. They are all interrelated; for example, corruption is a stepchild of dysfunctional governments. But for now, we will keep them separate.

The postcolonial leadership, with few exceptions, established defective political and economic systems in which enormous power was concentrated in the hands of the state and ultimately one individual. The political systems were characterized by "one-man dictatorship" (or sultanism) and the economic systems by "statism" or dirigisme, heavy state participation or direction of economic activity. The rationale for the adoption of these systems is well-known: the need for national unity, ideological aversion to capitalism, and the need to protect the newly independent African nation against foreign exploitation.

Over time, these systems metastasized into a monstrosity, where government as it is generally known ceased to exist. "Government," as an entity, is totally divorced from the people and perceived by those running it as a vehicle, not to serve, but to fleece the people. The African state has been reduced to a mafia-like bazaar, where anyone with an official designation can pillage at will. So what we have in many African countries is a "pirate or gangster state," a government hijacked by a phalanx of gangsters, thugs, and crooks who use the instruments of the state to enrich themselves, their cronies, and tribesmen. All others are excluded (politics of exclusion). The richest persons in Africa are heads of state and ministers. And quite often, the chief bandit is the head of state himself.

Moeletsi Mbeki, chairperson of the South African Institute of International Affairs, and brother of ex-President Thabo Mbeki, said,

> The average African is poorer (now) than during the age of colonialism. Whereas colonialists had developed the continent, planted crops, built roads and cities, the era of *uhuru* had been characterized by capital flight as the elite pocketed money and took it outside their countries. Among them were the late Nigerian dictator Sani Abacha. The money Abacha had plundered had been discovered in Switzerland. . . . In the 1960s African elites/rulers, instead of focusing on development, took surplus for their own enormous entourages of civil servants without plowing anything back into the country. The continent's cash crops, like cocoa and tobacco, were heavily exploited by the state-run marketing boards with farmers getting little in return." (*The Mercury*, September 22, 2004)

Their primordial instinct is to loot the national treasury, perpetuate themselves in power and brutally suppress all dissent and opposition. And the worst part is, they do not invest their booty in their own African countries, choosing instead to stash it in Swiss and foreign bank accounts. According to a United Nation's estimate, in 1991 alone, more than $200 billion in capital was siphoned out of Africa by the ruling elites (*The New York Times*, February 4, 1996; 4). Note that this amount was more than half of Africa's foreign debt of $320 billion. A UN Report on Global Corruption, released in Vienna says that up to $30 billion in aid for Africa, twice the GDP of Ghana, Kenya, and Uganda combined, has ended up in foreign bank accounts (*New Vision*, April 15, 2000). Furthermore, as we saw in the previous chapter, capital flight out of Africa, on an annual basis, exceeds what comes into Africa as foreign aid.

"Many people in government have the biggest accounts in foreign banks. Critics of the Moi government say there is more money from Kenyans in foreign banks than the entire Kenyan foreign debt, which is about $8 billion. Kenya's situation is not unique to the country. It is a reality found throughout Africa" (*The Washington Times*, August 3, 1995; A18). Nairobi businessman Peter Wamai charged that, "If they are serious about eradicating poverty, they should start by returning the money that has been stolen" (*The Washington Times*, June 3, 1999; A12).

> "When this government first came, they had their own project" to build an Islamic state, said Mahjoub Mohamed Saleh, editor of *Al Ayam*, an independent newspaper here. "But eventually it became survival politics—to remain in power at any cost. If that means dropping an Islamic agenda and kicking out bin Laden, then fine," he said. "If that means making peace in the south, then fine. If that means reversing themselves on Darfur publicly, then fine. As long as they stay in power, they are willing to appease the international community and do just enough to maintain control." (*Washington Post*, May 3, 2005; A14)

By 2000, the situation had deteriorated to such an extent that eighty-four members of Parliament, seventy-one from the opposition and thirteen from President Moi's own ruling party "vowed to oust the Moi regime and replace it with an all-party interim

government. A July 28, 1999, statement, signed by the MPs and read by lawyer and opposition MP George Kaptain, said: "Corruption within the top leadership of the government has reached endemic levels and the only solution is for Mr. Moi's regime to be kicked out. It is not possible for the accused [the government] to probe themselves and [Attorney General Amos Wako] should stop making a mockery of an already desperate situation" (*The Washington Times*, July 30, 1999; A15).

The inviolate ethic of the ruling elite is self-aggrandizement and self-perpetuation in power. To achieve those objectives, they take over and subvert every key institution of government to serve *their* needs, not those of the people: the civil service, judiciary, military, media, and banking. Even various commissions with lofty ideals that are supposed to be non-partisan and neutral are also taken over and debauched: press/media commission, human rights commission, and commission on civic education.

As a result, state institutions and commissions become paralyzed. Laxity, ineptitude, indiscipline, and unprofessionalism thus flourish in the public sector. Of course, Africa has a police force and judiciary system to catch and prosecute the thieves. But the police are themselves highway robbers, under orders to protect the looters, and many of the judges are themselves crooks. As a result, there are no checks against brigandage.

"Kenya's police officers are some of the wealthiest public servants, banking hundreds of thousands of shillings monthly from their 'businesses'" (*Daily Nation*, April 13, 2015). The worst is the military—the most trenchantly perverted institution in Africa. In any normal civilized society, the function of the military is to defend the territorial integrity of the nation and the people against external aggression. In Africa, the military is instead locked in combat with the very people it is supposed to defend.

Thus, what one has in many African countries is a cabal of criminals who have monopolized both economic and political power, as well as subverted state institutions, to advance only their interests and exclude everyone else—the politics of exclusion. It is a kind of "apartheid" system, and it is this **politics of exclusion** and its attendant struggles for power that lie at the root of Africa's incessant woes and instability.

Here is how a Zimbabwean professor, Ken Mutuka, described the evolution of the vampire state after independence in 1980:

> The most generous interpretation of the governing elite is that of a ruling class made up of stalwart nationalists with sacrificial experience in the liberation war. In order to make sure that Zimbabwe would never be a colony again, these stalwarts were allowed some liberties, namely freedom from prosecution for common infractions. This gave them security of tenure to prosecute the revolution to its fullest.
>
> This style of government first reared its head with the Sandura Commission when Minister Frederick Shava was sprung from prison, rehabilitated and later rewarded with an ambassadorship.
>
> My estimate is that there are 5,000 such stalwarts, who then formed a mafia type monopolistic fee-collecting cabal. If the truth be known, these Mafioso get away with duty free goods, fly on Air Zimbabwe free of charge, pad their portfolios so that one tenth of their expenditures are allocated to travel expenses, can buy Jeep Cherokees from government departments at U$900 a piece, own "grab-farms and equipment," do not pay tolls, have government parking stickers that allow them to park on prohibited spaces, do not declare their incomes to Internal Revenue, receive state scholarships for their children, and the list is endless. But they have now reached the end of the road. Like vampires, they have drunk the blood out of the economy. . . . The end of the road comes with this announcement from the Statistics Office. More than 4,600 companies have shut down their doors since 2011, leaving 55,400 workers unemployed. When the *Gotterdammerung* (monster) has eaten the last portion of its tail, it falls down, weakened by loss of blood, and awaits its final fate. I think the end of the road is near in Zimbabwe. (*New Zimbabwean*, May 18, 2015)

One word, **power**, explains why Africa is in the grip of a never-ending cycle of wanton chaos, horrific carnage, senseless civil wars, and collapsing economies: the struggle for power, its monopolization by one individual or group, and the subsequent refusal to relinquish or share it. Since politics constitutes the gateway to fabulous wealth in Africa, the competition for political power has always been ferocious. The "winner takes all" so competitors must fight to "their very last man"—even if it means destroying the country. Political defeat could mean exile, jail, or starvation. Those who win power capture the state and proceed to transform it into their own personal property. State institutions, such as the military, the judiciary, the media, the civil service, police, and the banking system, are taken over and debauched. Key

positions in these institutions are handed over to the president's tribesmen, cronies, and loyal supporters—to serve their interests and not those of the people or the nation. Meritocracy, rule of law, property rights, transparency, and administrative capacity vanish.

Recall from the previous section that Africa's developmobile is kaput. This is because its institutions/systems have been rendered dysfunctional by the ruling elites who have subverted the institutions to serve their interests. Eventually, however, the "vampire African state" evolves into a coconut republic and implodes, sucking the country into a vortex of savage carnage and heinous destruction: Liberia, Rwanda, Somalia, Sudan, and Zaire. This invites a distinction between banana and coconut republics.

Coconut Republics

In a banana republic, one might slip on a banana peel, but things *do* work—now and then for the people, albeit inefficiently and unreliably. Electric supply is spasmodic and the water tap has a mind of its own. Occasionally, it might spit some water and then change its mind. Buses operate according to their own internal clock, set according to Martian time—whatever that is. By the grace of God or Allah, a bus might arrive, belching thick black smoke. Food and gasoline are generally available but expensive, if one is willing to contend with occasional long lines. The police are helpful sometimes when they are bribed and can protect the people by catching real crooks. There is petty corruption. Now and then, a million dollars here and a million there might be embezzled. Such a banana republic often slips into suspended animation or arrested development.

A coconut republic, on the other hand, is ruthlessly inefficient, lethal, and eventually implodes. Instead of a banana peel, one might step on a live grenade. Here, common sense has been butchered and arrogant tomfoolery rampages with impunity. The entire notion of "governance" has been turned completely on its head by the ruling elites. They wield all the power and commit crimes, as well as plunder with impunity. They are not answerable or accountable to anybody and one dares not ask. Impunity reigns supreme. It is here where one finds tyrants chanting "People's revolution" and "Freedom!" while standing on the necks of their people.

A "revolution" is a major cataclysmic event that brings about an overthrow of the *ancien regime* or a complete change in the order of doing things. It makes a clean break with the existing way of doing things and establishes a *new* way or order. In politics, for example, a "revolution" occurs when the subjugated and exploited class rises up to overthrow the oppressors—as occurred with the American and French Revolutions. But in a coconut republic, it is the other way round. Ever noticed that those African leaders who vociferously claim they are fighting against terrorism in order to receive Western aid are themselves sponsors of state terrorism against their own people?

In a coconut republic, the rule of law is a farce; bandits are in charge, their victims in jail. The police and security forces protect the ruling bandits, not the people. The chief bandit is the head of state himself. The leaders enjoy a constant supply of electricity and their water taps run *all the time*; the people can collect rain water. There are inexhaustible supplies of food and gasoline for the ruling elite, but not for the people. And there are no buses for the people. Period. Those shiny buses that ply the road are for vampire elites. The people can walk. The republic sits atop vast reserves of oil and exports oil. Yet, there is no gasoline for the people since the country's oil refineries have broken down. Funds earmarked for repairs have been stolen and refined petroleum products must be imported. The country may also be rich in mineral deposits—such as diamonds, gold, or coltan. Yet, the mineral wealth has produced misery.

- "Wheel barrows serve as ambulances for the people. The public schools do not function; more than 70 percent of the population is illiterate. Yet, all government ministers have PhDs—some even three or four—all purchased. At the University of Liberia, Charles Taylor offered 11,000 scholarships to his friends in 1997 but did not pay their tuition bills. Nor did his government pay the salaries of university professors and public school teachers. . . . Liberia had a judicial system but Taylor named his friends who could not read or write to be judges and attorneys, and sentences were handed down on his orders. . . . The capital has a fire building, painted bright red but its only fire truck has no tires, headlamps, or even a hose. Wires dangle from the engine. With no running water in the city, firefighters must jog or hitchhike to a creek three miles away to fetch water in buckets to put out a fire" (*Washington Post*, September 9, 2003; A18).
- Whereas in a banana republic a million here and there might be stolen, in a coconut republic it is the entire treasury that is carted away. In pre-dawn raids, the late General Sani Abacha of Nigeria

sent heavily armed trucks into the basement of the Central Bank of Nigeria and carted away billions of dollars, which were spirited out of the country by his henchmen in suitcases. "A Nigerian man and a banker accompanying him were arrested at the Lagos airport after trying to board a London-bound jet with $800 million in cash. Customs officials said the seizure was the biggest recorded in Nigeria. The banker accompanied the other man apparently so that customs officials would not ask questions. The money has since been deposited in the Central Bank of Nigeria" (*The Washington Times*, July 29, 1995, A7).

- To return Nigeria to civilian rule, the late military dictator General Sani Abacha allowed only five political parties to be registered in 1996 and participate in the forthcoming elections. Immediately, all the five parties chose *him* as their presidential candidate!
- The late Sani Abacha's family thought they were smart. They hired Usman Mohammed Bello—a Sudanese from Karsala—to look after their three children attending school in Amman, Jordan. Usman became a close confidante of Abacha with access to several coded foreign accounts opened by the late general. The family so trusted him that Abacha gave him diplomatic status in the Nigerian foreign office in Amman. He was also issued both diplomatic passport number F317567 and a standard passport number A104786. Subsequently, Abacha was poisoned or died in 1998 from exhaustion after a Viagra-fueled sex orgy—depending upon which version one believes. A short transitional government led to the election of President Olusegun Obasanjo in March 1999, who vowed to recover Abacha's loot from abroad.
- On October 1, 1999, Usman Bello vanished. A hysterical Abacha family appealed to Nigeria's police and government for help in catching him! "Nigeria's State Security Service (SSS) established that the Sudanese might have salted away millions of dollars entrusted to him by the Abacha family and may also be privy to other financial transactions of the family overseas, especially in the Arab world" (*Weekly Insight*, July 19-25, 2000; 1).

  Even then, part of the Abacha loot that was recovered, was instantly re-looted! About $709 million and another £144 million were recovered from the loot the Abachas and his henchmen stashed abroad. But the Senate Public Accounts Committee found only $6.8 million and £2.8 million of the recovered booty in the Central Bank of Nigeria (*The Post Express*, July 10, 2000).
- The president checks the spread of AIDS by banning sex for two years: "President Daniel arap Moi has urged Kenyans to abstain from sex for at least two years to try to curb the spread of AIDS. . . . Moi was speaking after the government announced plans to import 300 million condoms to fight AIDS" (*The Telegraph*, July 13, 2001).
- A former minister of Finance was found hiding—where else?—in a coconut tree: "Zambia's former finance minister, Katele Kalumba, was arrested and charged with theft after the police found him hiding in a tree near his rural home. Mr. Kalumba, who had been on the run for four months, is being charged in connection with some $33 million that vanished while he was in office" (*The New York Times*, January 16, 2003; A8).
- The late president, General Samuel Doe of Liberia, summoned his finance minister—"only to be reminded by aides that he had already executed him" (*The New York Times*, September 13, 2003; A4).
- Uganda's agriculture minister, Kibirige Ssebunya, declares that: "All the poor should be arrested because they hinder us from performing our development duties. It is hard to lead the poor, and the poor cannot lead the rich. They should be eliminated" (*New Vision* [Kampala], December 15, 2004). He advised local leaders to arrest poor people in their areas of jurisdiction.
- The president is terrified of ghosts: "President Bingu wa Mutharika, had moved out of a new 300-room palace because he believes it is haunted. . . . Malawi newspapers and radio stations carried the ghost report over the weekend, quoting a senior official. Mr. Mutharika has angrily denied the reports, saying, "I have never feared ghosts in my life" (*Agence France-Presse* reprinted in *The New York Times*, March 16, 2005; A6).
- The losing candidate lambasted voters, not his own incompetence, for losing an election: "The candidate of the Tanzania Labour Party (TLP), Augustine Mrema, did well in 1995 with another party, NCCR-Mageuzi, and less well with TLP in 2000. This time, he blamed the voters for betraying him.

  "Mrema, a former home affairs minister who contested the 1995 elections as leader of his own party, chastised the voters for not choosing him

previously. 'I wonder why you have not given me votes to become president despite my impressive record as home affairs minister,' he told a rally in Dar es Salaam broadcast live on radio and television. 'I worked as deputy prime minister, which means I was boss to Mkapa and Sumaye, still you chose not to elect me president. Why? Some voters are hypocrites. They proclaim to support you but vote for other people. If you do not vote for me this time, you will have to explain'" (*Southern African News*, December 16, 2005).

- In May 2005, Lucy Kibaki, the second wife of President Mwai Kibaki, stormed into the Nairobi office of *The Daily Nation*, confiscated notebooks, tape recorders, and pens, and demanded to know the whereabouts of a reporter who had written a story headlined "Shame of First Lady" that offended her.

  "I am here to protest, and I'm not leaving until I find the reporter who has been writing all these lies," a witness recounted her statement. Mrs. Kibaki then camped herself for much of the night at the desk of the newspaper's editor, unleashing a fury of broadsides at the staff. When a local television crew arrived, she slapped a cameraman. Brandishing a copy of the newspaper, Mrs. Kibaki burst into the *Nation's* offices, flanked by several security officers and the Nairobi police chief, Kingori Mwangi, witnesses said. Problem was she chose the ***wrong*** newspaper to unleash her full fury. It was the rival *Standard* newspaper that had printed the offending article, not *The Daily Nation*.
- In Gambia "President Yahya Jammeh, a former wrestler and bird lover, said anyone aspiring to his job needed 'to wait like a vulture, patiently,' because he planned to stay in office at least 30 years longer. Mr. Jammeh, who is 40 and seized power in a bloodless coup in 1994, said he would consider handing over power only after he had turned his tiny former British colony into an oil producer and a 'role model for Africa.' Gambia produces peanuts but has not struck oil" (*The New York Times*, April 19, 2006; A6).
- Despots claim they are fighting "terrorists" when they themselves are the real state terrorists (Liberia, Sudan, Uganda, Zimbabwe). Charles Taylor of Liberia once had an "anti-terrorism unit" run by his son. Even the warlords of Somalia "formed what they call an anti-terrorism coalition" (*The New York Times*, May 1, 2006).
- The country runs out of paper with which to print money (Zimbabwe): "Reserve Bank officials told IRIN that plans to print about Zim$60 trillion (about US$592.9 million) were briefly delayed after the government failed to secure foreign currency to buy ink and special paper for printing money" (*The New York Times*, February 13, 2007; A5).
- The government tames hyperinflation by banning price increases: "In January 2007, the Government of Zimbabwe said it would tame the country's 1,600 percent inflation rate by making wage and price increases illegal" (ibid.).
- "Col. Muammar Gaddafi spent two hours arguing that Libya's form of government was the truest democracy" (*The New York Times*, March 3, 2007; A3).
- Gaddafi also declared that, "The press in Libya is owned by the community, not a company . . . that reflects the views of its owners. That is not freedom of the press at all, it is freedom for those who have the money to publish these newspapers. Freedom of the press does not exist in a genuine sense in the world." (*The Washington Times*, March 3, 2007; A6)
- The president built a moat around the capital to ward off rebel insurgency led by his relatives: "The government is digging a 10-foot-deep trench around the capital, Ndjamena, to prevent a repeat of an attack last month, when rebels in pickup trucks rolled in and fought two days of heavy battles. The ditch will all but encircle the city, slicing through neighborhoods and forcing vehicles to pass through fortified gateways, a security official said. The remaining trees that line the avenues of central Ndjamena are being felled. Residents say the rebels used trees knocked down by rocket-propelled grenades and cannon fire to block roads during the fighting" (*Reuters* reprinted in *The New York Times*, March 8, 2008).
- A senior member of Guinea's military government was criticized after he called for robbers to be burnt alive because Captain Camara, the country's leader, had said the country's prisons were full already and it was better to kill those who killed others (*BBC News*, June 4, 2009).
- The anti-corruption czar was himself a bandit, jailed for ten years: "Zimbabwe Anti-Corruption Commission chief executive Ngonidzashe Gumbo, was on Monday jailed for 10 years for defrauding the commission of $435,000" (*The Herald*, March 3, 2015).

- Eritrea is often described as a police state, the North Korea of Africa. It is so repressive that President Isaias Afwerki's own son attempted to flee the country (https://tinyurl.com/ybmnwev6).

It is difficult to put up with such repressive tomfoolery and buffoonery, locking out vast sections of the population. Such a coconut republic eventually implodes. The process varies but its onset follows three predictable response patterns.

First, those exploited by the vampire elites in a coconut republic are eventually driven to exercise the "exit option": leave or reduce their exposure to the formal economy by smuggling and taking their activities to the underground economy or the black market. This deprives the state of tax revenue and foreign exchange. Over time, the formal economy progressively shrinks and the state finds it increasingly difficult to raise revenue as taxes are massively evaded, leading the ruling elites to resort to printing money and inflating the economy.

Second, those excluded from the spoils of political power eventually rise up in a rebel insurgency. And it takes only a small band of determined rag-tag malcontents to plunge the country into mayhem. Back in 1981, Yoweri Museveni, the current president of Uganda, started out with only twenty-seven men in a guerrilla campaign against Milton Obote. Charles Taylor, the president of Liberia, set out with 150 rebels; the late Mohamed Farah Aidid of Somalia began with 200 rebels; and Paul Kagame of Rwanda set out with less than 250. No African government in the postcolonial era has been able to crush a rebel insurgency.

The third pattern option is secession—break away and set up an independent state; Biafra tried unsuccessfully in 1967 and South Sudan successfully in 2010.

The adamant refusal of African despots and the ruling elites to relinquish or share political power is what triggers an insurgency. In fact, the destruction of an African country, regardless of the professed ideology of its government, *always* begins with some dispute over the *electoral process*. Unwilling to relinquish or share political power, the ruling elites block, sabotage, or manipulate the electoral process to keep themselves in power.

The struggle over political power degenerates into civil strife or war. Chaos and carnage ensue. Infrastructure is destroyed. Food production and delivery are disrupted. Thousands are dislocated and flee, becoming internal refugees and placing severe strains on social systems of the resident population. Food supplies run out. Starvation looms.

The Western media bombards the international community with horrific pictures of rail-thin famine victims. Unable to bear the horror, the conscience of the international community is stirred to mount eleventh-hour humanitarian rescue missions. Foreign relief workers parachute into the disaster zone, dispensing high protein biscuits, blankets, and portable toilets at hastily erected refugee camps. Refugees are rehabilitated, repatriated, and even airlifted. At the least sign of complication or trouble, the mission bogs down and is abandoned (Somalia 1995). That is, until another mafia African state implodes and the same macabre ritual is repeated year after year. It seems nothing—absolutely nothing—has been learned by all sides from the meltdowns of Somalia, Liberia, or Rwanda.

Corruption

Two students—one from Africa and the other from Asia—went to a Western country for their education. Upon graduation, they both returned to their respective countries and subsequently became government ministers. One day, the African visited his Asian friend and found him living in opulent style. So he asked:

"Ma friend, how come?"

Thereupon the Asian friend placed his hand on the African's shoulder, gently led him to the window, and remarked: "See all of those development projects and infrastructure out there?"

"Yeah?" the African stammered incredulously, quite impressed with a landscape of skyscrapers, new highways, flyovers, airport, railway lines, and other infrastructural projects.

"Five percent!" came the reply.

Two years later, the Asian returned the visit and discovered that his African friend was living in a grand, magnificent, and royal palace. Perplexed, he asked:

"Oga, I thought Africa is a poor continent, but how come all this personal wealth?"

Thereupon his friend beamed with a smile a mile wide, motioned him to the window and gleefully intoned: "See all those development and infrastructure projects out there?"

"Where? Where? I don't see anything out there!" the Asian friend protested.

"That's right: 100 percent!"

Then there is an old Pakistani saying: "If you shake the hands of the president, you have got to see if your fingers are still there." The African version goes like this: "If you shake the hand of the president, you have to see if your legs are still there." Africa's bandits do not steal a billion here and a billion there. They cart away the entire treasury—sink, crowbar, bulbs, and all.

Magnitude

Political corruption covers a whole range of activities that are illegal, and it is generally defined as the use of public office or legislated powers by government officials for illicit private gain. It may involve misappropriation of public funds or embezzlement, demanding bribes, and extortion. It exists in *all* societies. But regardless of how it is sliced, the effects are far more pernicious in a poor developing country. According to Transparency International, "Around 80 per cent of African people live on less than US$2 a day. Corruption is one factor perpetuating poverty" (http://tinyurl.com/j5h582l).

Corruption can also be deadly; it led to the collapse of healthcare infrastructure in Liberia, Sierra Leone, and Guinea, permitting the Ebola virus to spiral out of control. The United States spent some $600 million to send three thousand troops to Liberia and help fight the disease in 2014.

There is also some serious looting going on in Africa and the amounts are staggering. What the despots, kleptocrats, and the vampire elites steal is not chump change. Former Nigerian President Olusegun Obasanjo once charged that corrupt African leaders have stolen at least $140 billion (£95 billion) from their people in the decades since independence (*London Independent*, June 14, 2002). From small pickings in the 1960s, the looting has become more egregious, brazen, and mercenary in the new millennium. The following provides a glimpse of the loot amassed by corrupt African dictators.

- Daniel arap Moi (Kenya): $1–$3 billion (*Forbes*, November 8, 2013)
- Mobutu Sese Seko (Zaire, now DR Congo): $1–$5 billion (*Forbes*, November 8, 2011)
- Charles Taylor (Liberia): $5 billion (*BBC News*, May 2, 2008)
- The late General Sani Abacha (Nigeria): $5 billion (*Sunday Times*, December 17, 2000) and $1–$5 billion (*Forbes*, November 8, 2011)
- Omar al-Bashir (Sudan): $9 billion (*BBC News Africa*, December 18, 2010)
- General Ibrahim Babangida: (Nigeria) $12 billion (*Forbes*, November 8, 2011)
- Ben Ali (Tunisia): $13 billion (*The Wall Street Journal*, June 20, 2011)
- Hosni Mubarak (Egypt): $40 billion (*The Sun*, January 11, 2011)
- Muammar Gaddafi (Libya): $200 billion (*Los Angeles Times*, October 21, 2011)

On May 20, 2010, the *Atlantic Monthly* provided an analysis of the net worth of all forty-three US presidents—from Washington to Obama—and found the combined total to be $2.7 billion in 2010 dollars. Evidently, Abacha, Babangida, Bashir, Ben Ali, Mobutu, Mubarak, and Gaddafi each stole more than the net worth of all US presidents *combined*!

Said Kwame Touré (Stokely Carmichael), a former member of the Black Panther Party, "[Modern] African leaders are so corrupt that we are certain if we put dogs in uniforms and put guns on their shoulders, we'd be hard put to distinguish between them" (*Washington Post*, April 8, 1998; D12). As previously stated, in August 2004, the African Union reported that an estimated $148 billion annually was lost in Africa due to corruption. To compare, developed countries gave $22.5 billion in aid to Sub-Saharan Africa in 2008, according to the Organization for Economic Cooperation and Development (OECD).

The Causes of Corruption

One of the recurrent myths about Africa is the notion that corruption is culturally ingrained among Africans. The traditional practice of offering a "dash" has often been used by scholars to provide a "cultural" explanation to the pervasive incidence of bribery and corruption in Africa. In most West African countries, a bribe is often called "a dash." This appellation, however, is a misnomer that reflects a confusion and bastardization of the traditional practice. In a Vais court, a plaintiff called upon the chief and presented him with a "dash" to adjudicate a dispute. In that context, the "dash" constituted an advance payment for a service to be performed by the chief, who was not paid for his judicial services. By contrast, today's bribe is demanded or extorted by civil servants, prior to the performance of a service they are paid to render. It is a totally different matter if one wants to leave a tip after a performance of the service.

More importantly, historical evidence suggests that African natives themselves made a clear distinction between a "dash" and corruption. Diop (1987) revealed:

> Ghana probably experienced the reign of a corrupt dynasty between the sixth and eighth centuries. Kati tells of an extremely violent revolt of the masses against it. The members of that dynasty were systematically massacred. In order to wipe it out completely, the rebels went so far as to extract fetuses from the wombs of the royal family. (p. 65)

Corrupt chiefs are removed from office—even today. Here is a telling case: Nana Sobin Kan II, the chief of Adansi-Dompoase traditional area in the Ashanti region, was destooled on February 7, 2012. The charge was

> continuously showing gross disrespect and disregard to kingmakers and elders of the stool. He had continuously sown seeds of confusion and litigation in the traditional area through the rampant sale of stool lands to private developers without plot numbers and site plans. He was also accused of having received huge sums of money as compensation on behalf of the Adansi-Dompoase traditional areas from AngloGold Ashanti last year but failed to disclose the amount involved to kingmakers. (*Daily Guide*, February 10, 2012; 17)

Naturally, at the other extreme, was Africa's most notorious kleptocrat, the late ex-president Mobutu. As reported in Chapter 5, when asked who introduced corruption into Zaire, he retorted: "European businessmen were the ones who said, 'I sell you this thing for $1,000, but $200 will be for your (Swiss bank) account'" (*New African*, July 1988; 25). When US Rep. Mervyn Dymally asked Mobutu about his personal wealth, he responded, "Yes, I have a fair amount of money. However, I would estimate it to total less than $50 million. What is that after 22 years as head of state of such a big country?" (*World Development Forum*, No. 9, 1988; 3).

The same Mobutu even bragged in a 1980 CBS *60 Minutes* interview that he was the second richest man in the world. But the champion of this double-speak chutzpah was Nigeria's ex-president, General Babangida, who declared that "every military regime is a fraud. Anybody who heads a military regime subverts the wishes of the people" (*The African Observer*, January 18–31, 1999; 6). He should know; he stole $12 billion.

Corruption is certainly not a social vice unique to Africa alone. It prevails in one form or another in practically all countries, Western and communist alike. However, as previous chapters have amply demonstrated, it is endemic in Africa. It is common knowledge that highly placed African government officials extort commissions on foreign loan contracts and deposit them in overseas banks. The very people who are supposed to defend and protect the peasants' interests have instead been responsible for the institutionalized looting.

What breeds corruption, bribery, and other types of malfeasance in Africa are: the system of pervasive state controls and regulations; concentration of economic and political power in the hands of the state or one individual; the institution of one-party state systems which lack accountability; the muzzling of the press to expose corruption; the perversion of the judicial system, banishing the rule of law; and an elite culture that tolerates high levels of corruption. Obviously it would be futile to rail against corruption and still keep in place the very system that breeds it.

The "system" evolved rather innocently after independence in the 1960s. During the struggle for independence, most African nationalist leaders identified capitalism with colonialism and thus adopted socialism—the antithesis of capitalism—as their guiding ideology. Socialism in Africa was understood to mean state participation in the economy. Another ideology was political pragmatism, espoused by such leaders as Felix Houphouet-Boigny of Ivory Coast, Abubakar Tafawa Balewa of Nigeria, Hastings Banda of Malawi, and Daniel arap Moi of Kenya. Declaring themselves to be non-ideological, they stressed economic growth and prosperity. In their countries, the state was charged with the task of fostering entrepreneurship, attracting foreign investment, and creating a climate conducive to material advancement. They reasoned that the private sector in a poor African country could not raise the capital needed to construct, say, a hydroelectric dam, and therefore that made state intervention necessary. Thus, for a variety of reasons, virtually all the nationalist leaders saw the state as the primary initiator of development.

State intervention in the economy was pursued with a whole battery of controls on prices, exchange rates, interest rates, and other economic variables. Officials administering state controls, however, quickly discovered that the controls could also be used for personal and sinister purposes: to advance their own selfish economic interest as well as those of their kinsmen and supporters, and to silence their critics and punish political opponents.

The byzantine maze of state controls and regulations provided the elites with rich opportunities for

self-aggrandizement. Revenue collection, passport control, and even government stationery were all diverted, manipulated, or used for illicit gain. Civil servants demanded bribes, exploited their positions in government, and manipulated the state's regulatory powers to supplement their meager salaries. Almost every government regulation and nuance of policy could be "exploited."

"Because every permit has its price, Nigerian officials invent endless new rules. A guard outside a ministry demands a special permit for you to enter; a customs inspector invents an environmental regulation to let in your imports; an airline official charges passengers for their boarding cards" (*The Economist*, August 21, 1993; Survey, 5).

Officially, price controls were supposed to make commodities "affordable to the masses." But only the ruling elites and their cronies could purchase commodities at government-controlled prices, which were later resold on the black market to reap a huge profit, a practice known as kalabule in Ghana. In Rwanda, the late President Juvenal Habyarimana ran lucrative rackets in everything from development aid to marijuana smuggling. "Habyarimana and his in-laws operated the country's sole illegal foreign exchange bureau in tandem with the central bank. One dollar was worth 100 Rwandan francs in the bank or 150 on the black market. The president and his brother-in-law took dollars from the central bank and exchanged them in the exchange bureau. Habyarimana was also implicated in the poaching of mountain gorillas, selling skulls and feet of baby gorillas" (*Washington Post*, April 18, 1995; A17).

The richest opportunity, however, was offered by import controls, which were intended to curtail the volume of imports and thereby conserve the scarce foreign exchange needed to import machinery and other equipment essential for development. To import an item, a permit or a license was required from the Ministry of Trade. Licenses quickly became scarce. Ministers and government officials at the trade ministry demanded bribes—10 percent of the value of the import license—before issuing them. Withholding licenses was used to punish political rivals and businesses associated with the opposition. In the late 1980s, import licenses were denied to *Free Press* and *Ashanti Pioneer* in Ghana and *Footprints* in Liberia for their criticism of government policies. In 1967, Ayeh Kumi, Nkrumah's special consultant on economic affairs, gave dramatic testimony before the Ollennu Commission of Enquiry:

> It has been the system to gradually stifle the big businessmen and the small Ghanaian businessmen in this country and to be replaced by State Corporations. The steps to be taken against them were by various types of taxation, import licensing restrictions; African businessmen must not be given licenses and if they persist they should be given such licenses as would make them incapable of doing business. (Ollennu Report 1967, 10)

Large chunks of the economic sectors controlled by the state were parceled out to relatives, kinsmen, or cronies of top government officials. In Kenya, for example, the Kikuyus were forced out of manufacturing and other industrial business for their opposition to the Moi regime. Development projects were started in those tribal areas that supported President Moi; opposition areas were neglected.

Resources were extracted from the rural areas through various legislative devices and controls, such as marketing boards, development levies, and taxes. The resources, it was claimed, were to be used for the development of the whole country, and would benefit the farmers too. It never happened that way. In Malawi, former Life President Hastings Band "was able to extract economic surplus from peasant producers and transferred to the state sector through two commercial banks, his holding company—Press Holdings—and the parastatal Agricultural Development and Marketing Corporation (ADMARC)" (Libby 1987; 191). He then used the resources to reward his political supporters by transforming the latter into commercial agricultural estate owners whose prosperity and economic security depended on their personal loyalty to the president.

Over time, the African state evolved into a predatory monster—a vampire state—that used a convoluted system of regulations and controls to pillage and rob the productive class, the peasantry. The victims of this grand larceny were helpless. First, the crimes against them were "hidden"—not reported because in much of the postcolonial period, the media was controlled or owned by the state. Second, even when the crimes were exposed, little action was taken because the legal system had been perverted. The rule of law was non-existent. Judges were appointed by the government and few of the crooks were brought to justice. So the rot continued.

The postcolonial state sector thus became the arena for the accumulation of private wealth. To become rich in Africa, one does not have to produce anything. All one has to do is to enter politics, become a government official, and use the office to amass a huge personal

fortune. According to American journalist Howard French,

> In each [African] country, the formula for enrichment differs. In Senegal, World Bank officials have said that Government imports of rice, the staple food, have constituted a major source of unaccounted for revenue for ruling party leaders for years. In Congo, top officials and their relatives sign deals that mortgage the heavily indebted country's oil earnings years in advance [to 2012], in exchange for quick cash. In Nigeria, the Government awards so-called "lifting contracts" to its political friends that amount to little more than gifts of handsome commissions on oil contracts. Based on realities like these, a confidential report prepared in 1995 by the French Foreign Ministry warned of the "criminalisation of Sub-Saharan Africa" by the elites. (*The New York Times*, February 4, 1996; 4)

After a mere three-year tenure as minister of transport in the Shagari government in Nigeria, Alhaji Umaru Dikko, managed to amass a personal fortune reputed to exceed $1 billion.[25] "Nigeria's problems are the few rich people in positions of power who divert huge amounts of money—that should have been used to develop the country—to foreign accounts for their selfish interests," said Gordon Adele, a civil servant in Lagos (*African News Weekly*, June 16, 1995; 7).

Writing in *African News Weekly* (May 27, 1994), Anthony Ebeh gave an apt description of the conception of public office in Nigeria:

> A major cause of our problems in Nigeria is that our leaders have a primitive concept of public office. Public office in civilized societies, including some non-Western nations, is seen as a way to provide selfless service to one's nation. It is a way to give back to one's country. Public office is cherished and respected. Public office holders are generally accountable to the people they serve. However, in the Nigerian context, public office is seen as a huge opportunity to enrich self and kindred. This explains why Nigeria is now one of the poorest nations in the world. In Nigeria, public office is seen as a means to acquire wealth and personal aggrandizement. By all standards, this concept of public office is primitive. (p. 7)

"Everyone in Zaire wants to be a minister before Mobutu falls so they can make money," said Guilleaume Ngefa, head of an association for human rights (*The Washington Times*, April 15, 1997; A13). Some of Sierra Leone's most senior state officials, including ministers, began a thriving business selling the country's passports to wealthy Hong Kong businessmen. "One such deal fetched about $350,000 for two highly placed functionaries" (*Akasanoma*, July 31–August 6, 1995; 38).

In Ghana, the 1993 Auditor General's Report detailed a catalogue of embezzlement and corruption totaling 400 billion cedis. The rot at the Ghana National Procurement Corporation cost over 200 billion cedis. Yet not a single soul was indicted.

Dishonesty, thievery, and peculation pervade the public sector in Africa. Public servants embezzle state funds; high-ranking ministers are on the take. The extent and magnitude of this scourge is difficult to estimate, owing to its illegality and the painstaking efforts the culprits make to conceal it. However, newspaper reports afford some insight into its pervasiveness.

In Mali former head of state Moussa Traoré plundered the country to amass a personal fortune worth over $2 billion—an amount equal to the size of Mali's foreign debt. This was the gist of a January 1992 article entitled "Le Sang des Pauvres" (The Blood of the Poor) written by Swiss MP Jean Ziegler, in the French newspaper *Liberation* (cited in *West Africa*, May 4–10, 1992; 746).

Within a year of taking office in April 1993, Niger's president, Mahamane Ousmane, had tripled his personal fortune. As required by law, President Ousmane declared a fortune of 51 million CFA ($89,000) and ten houses when he took office. A year later, "The poor West African country's Supreme Court said on April 28, 1994, that Mahamane had declared 160 million CFA ($280,000), with 57 million CFA held in cash and the rest in a local bank. Mahamane's list of property was 10 houses in Niger, livestock and poultry, three cars, two television sets, two video recorders and two gold watches" (*African News Weekly*, May 20, 1994; 8).

The late President Mobutu Sese Seko of Zaire (now the Democratic Republic of The Congo) was not satisfied with his personal fortune of $10 billion; he grabbed an entire gold-mining region, Kilo-moto, which covers 32,000 square miles and reportedly has reserves of one hundred tons of gold (*The Washington Times*, January 3, 1997, A14).[26]

Ghana's Interior minister, Colonel (rtd.) Emmanuel Osei-Owusu, "has been unable to account for 33 million cedis ($27,000) in excess income," according to the 1996 Report by the Commission on Human Rights and Administrative Justice. Another minister (of Trade and Industry), Ibrahim Adam, gave undeserved waivers of customs duties and other taxes to fishing companies, which "occasioned the loss of billions of cedis to the state" (*African News Weekly*, October 28–November 3, 1996; 26).

Kwame Ashaai, a newspaper columnist in Ghana, complained bitterly: "Almost all P/NDC top people are alleged to have put up mansions, each costing hundreds of millions of cedis. And almost all of them, it is alleged, do their serious shopping in North America and Europe. Public properties or assets—vehicles, buildings, businesses, machinery, even ships—are sold out to party members, friends, and relatives for peanuts. More than 400 billion cedis (about $230 million) have been dumped in a bank in Angola. The P/NDC government is conveniently keeping quiet over it" (*Free Press*, October 30–November 5, 1996; 7).

Even diplomats have not been able to resist the occasional plunge into frenzied banditry. In 1993, a Nigerian envoy to the United Nations was suddenly recalled by his government. A snap audit revealed unbridled embezzlement of large sums of money at the diplomatic mission. In 1994, the Ugandan ambassador to Nigeria, James Juko, vanished with $3.5 million intended for the renovation of his embassy premises. Then on October 10, 1994, the Rwandan foreign minister, Jean-Marie Ndagijimana, disappeared with about $187,000 he was carrying in a suitcase to fund his country's United Nations mission in New York. Claude Dusaidi, the director-general of Rwanda's Foreign Ministry, complained that, as a result of the theft, the UN mission was left with "zero" cash, unable to pay its bills and with no means to pay salaries or hire a lawyer (*Washington Post*, October 19, 1994; A37). Earlier in July 1994, Rwanda's ambassador to the United States absconded with about $2 million.[27]

Libya should have had one of the highest per capita incomes in the world with a population of only four million and vast oil wealth estimated at $10 billion in 1990. But "mismanagement and corruption so eroded the country's economic base that Libya sometimes fails to pay its foreign bills on time and some government employees go without a paycheck for months" (*Washington Post*, February 15, 1992; A23).

In Sierra Leone, Dr. Shamsu Mustapha, the former minister of state in the Ministry of Economic and Development Planning, was charged with financial impropriety in March 1989. That brought to three the number of ministers charged with such offenses (*New African*, April 1988; 36). In 1992, according to *West Africa*, "The Criminal Investigation Department (began) examining documents pertaining to a $500 million loan contract entered into by former foreign minister Dr. Abdul Karim Koroma and the Sierra Leone ambassador to Saudi Arabia on behalf of the government, and arranged by an oil company in Houston, Texas, on the understanding that the company would be paid a consultancy fee of $12 million" (December 16–22, 1991; 2115). (The Houston firm complained it never received its fee, fueling speculation as to what happened to the $12 million.) One irate African in Kano, P. F. U. Taylor, wrote:

> Any observer who knew Sierra Leone two decades ago can bear witness that it has been reduced to a country where there is virtually no medical facility; a country where potable water is a rare luxury; a country where pothole-free roads only exist in history; a country where a monthly salary is not sufficient to feed oneself.
>
> Given the present economic state of the country, which is considered as one of the poorest in the world, I refuse to believe that a national can contemplate an act that is, to say the least, worse than trading in slaves. Because while slave traders sold human beings who were not related to them, those under investigation, if guilty, have knowingly sold the whole population, including their own relations, generations yet unborn and the country itself. . . .
>
> Those who rip off an African country should be put in the zoo. That is where they belong! (*West Africa*, March 16–22, 1992; 444)

In Togo, the manager of the National Agricultural Fund was sentenced to twenty years in prison for embezzling $8.7 million (*West Africa*, March 28, 1988; 569). In the following year, the former minister of justice and his associates were charged with involvement in swindling approximately CFA francs 15 million from Togo's lottery. In addition, the former minister of commerce was removed from office and fined because he had continued to draw his salary as a managing director of the Union of Togolese Banks (*West Africa*, April 17–23, 1989; 622). But the worst offender was the head of state, General Gnassingbe Eyadema, himself.

> Mba Kabassema, who was Minister of Trade and Transport in Eyadema's government in 1977, alleged that Eyadema pillaged the country's resources with the connivance of a Moroccan adviser, Maurice Assor.
>
> Another delegate [to the national conference] alleged that Eyadema's personal fortune was 800 billion CFA francs ($2.8 billion) most of which has been put into foreign banks. He said that the Nangbeto dam project which was costed at CFA 8 billion, was then increased to CFA 48 billion, so that funds could be "diverted" into the wrong pockets. Eyadema spent CFA 50 billion to build a chateau at Pya his home town in northern Togo.

> When Togo's phosphate mines were nationalized in 1974, Kabassema alleged that Eyadema had diverted 150,000 tonnes of phosphates valued at CFA 2.05 billion into the account of his adviser Maurice Assor. He also gave Assor exclusive monopolies on the export of 12 agricultural crops and later established SONACOM, a central procurement agency for the purchase of imports. SONACOM became the conduit for all kinds of deals masterminded by Assor on behalf of President Eyadema. He bought Presidential jets, a Fokker 28, Grumman helicopters, a DC-8, various Boeing jets and an arsenal of arms. The construction of Niamtougu airport in the north and Hotel 2 Fevrier were also handled by Assor.
>
> On all these deals, Kabassema alleged, there were massive kickbacks banked overseas. The price of the Hotel 2 Fevrier jumped from CFA 17.5 billion to CFA 35 billion and yet the hotel only reached 26 floors high, compared with the 35 stories originally specified. (*New African*, October 1991; 12)

Mr. Kabassema also alleged that "President Eyadema distributed largesse among some African Heads of State including Mobutu Sese Seko of Zaire, who received 150,000 tonnes of phosphates valued at CFA 3.3 billion while the late Sékou Touré of Guinea received a gift of CFA 125 million in 1970" (*West Africa*, September 2–8, 1991; 1453).

In 1988, Benin was rocked by a series of corruption scandals involving its military ruler, Mathieu Kerekou, and his cronies (*New African*, March 1988; 14). That same year, President Paul Biya of Cameroon decided to wage a merciless war against corruption and the misappropriation of funds in his government. Although 115 high-ranking officials were arrested (*New African*, November 1988; 43), the government's investigators made little progress, and corruption increased. Minister of Public Service and State Control Haman Garga Adji "reported funds missing totaling CFA 357 million ($1.3 million) owed by top level civil servants and politicians" (*New African*, January 1992; 18).

"Nigeria is the most corrupt nation in the world," according to Transparency International (*The Houston Chronicle*, July 28, 1996). Between 1970 and the early 1980s, when oil prices collapsed, the Nigerian government received $100 billion in oil money. Nigerians are now asking what happened to the "oil money." The *Washington Post* (July 21, 1992) remarked that: "corruption robs Nigeria's economy of an estimated $2 billion to $3 billion each year" (p. A16). It also lurks behind the government's reluctance to abandon grandiose, wasteful projects because government officials loathe an inspection of their finances. According to *The Economist* (August 21, 1993):

> The junta will reveal neither how much it spends on projects like the Ajaokuta Steel Works, peacekeeping in Liberia or the new capital in Abuja, nor how much it earns from oil. The NNPC [the Nigerian National Petroleum Corporation] has no published accounts. International economists calculate that, given known Nigerian oil production and world oil prices, the gap between what the NNPC should have earned and what the government says it earned was about $2.7 billion in 1992. This suggests a huge amount of money—nearly 10 percent of GDP—is disappearing each year out of government coffers. (Survey, 8)

The September 1996 issues of Nigeria's news magazines, *Tell* and *This Week*, screamed about "How [Military] Administrators Plundered the States." Ike Nwosu, the ex-administrator of Abia State, "spent some 16.875 million naira ($214,000) on himself between March 1995 and March 1996" (*African News Weekly*, October 28–November 3, 1996; 17). Then a September 27, 1994, audit (The Okigbo Report) revealed that a total of $12.4 billion—more than a third of Nigeria's foreign debt—was squandered by its military rulers between 1988 and 1994.

Between 1970 and 2004, more than $450 billion in oil revenue flowed into Nigerian government coffers. But according to Mallam Nuhu Ribadu, Nigeria's kamikaze military bandits stole $412 billion of it.

> Nigeria's past rulers stole or misused £220 billion ($412 billion). That is as much as all the Western aid given to Africa in almost four decades. The looting of Africa's most populous country amounted to a sum equivalent to 300 years of British aid for the continent. Former leader Gen. Sani Abacha stole between £1bn and £3bn. The figures were compiled by Nigeria's anti-corruption commission.
>
> Nigeria's rulers have already pocketed the equivalent of six Marshall Plans. After that mass theft, two-thirds of the country's 130 million people—one in seven of the total African population—live in abject poverty, a third is illiterate and 40 per cent have no safe water supply. With more people and more natural resources than any other African country, Nigeria is the key to the continent's success" (*Telegraph*, June 25, 2005).

Mallam Nuhu Ribadu, the chairman of the Economic and Financial Crimes Commission, set up in 2003, said that £220 billion ($412 billion) was squandered between independence from Britain in 1960 and the

return of civilian rule in 1999. "We cannot be accurate down to the last figure, but that is our projection," said Osita Nwajah, a commission spokesman (*Telegraph*, June 25, 2005). The stolen fortune tallies almost exactly with the £220 billion of Western aid given to Africa between 1960 and 1997. That amounted to six times the American help given to post-war Europe under the Marshall Plan.[28]

State firms in Kenya were similarly looted. In 1990, for example, the auditor of state corporations reported that "fraudulent behavior in the management of Kenya's parastatal organizations caused a loss of $25 million; the losses were due to gross mismanagement and embezzlement of public funds" (*The African Letter*, December 16–31, 1991; 9).

In Angola, theft of the country's wealth by members of the ruling MPLA administration accelerated in 1992, after the peace accords were signed in May 1991 to end the country's civil war:

> The law banning possession of diamonds [was] revoked to allow senior members to take stolen and smuggled diamonds out of the country.
>
> The proceeds of the sale of a 10-percent share in an oilfield which President Eduardo dos Santos said raised $312 million have apparently disappeared. Many diplomats in Luanda think much of the money has gone into private pockets. Several of the leaders of the MPLA, particularly those who have been in the oil sector, now own property in Europe and the United States. (*The Independent*, London, February 19, 1992)

Said former US Assistant Secretary of State for African Affairs Chester Crocker (1981–1989), in a BBC World Service interview: "The MPLA is a bunch of rather sophisticated European-style Marxists who have been living off the cash cow of the petroleum industry and stashing away large fortunes in European banks." According to *The New York Times* (September 21, 1993), "The breakdown of ordinary commerce is compounded by pervasive corruption that diverts much of the food and medicine intended for the needy, and by the skewed priorities of the Marxist Government, which recently spent $500 million of its desperately scarce cash importing Volkswagen and Audis to sell to its generals and ministers at a fraction of their cost. . . . The waste is so brazen that even the state television took to describing the Parliament as the 'Auditorium.'" (p. A1)

Even socialist Tanzania suffered from corruption. Prime Minister Joseph Warioba was moved enough to speak out with scathing frankness: "Everywhere you go even in hospitals and schools, corrupting and corrupt people seem to rule the day." Corruption has become institutionalized at the top among those who handle big money. As *New African* reported: "Ordinary Tanzanians are complaining bitterly that they have been let down by their leadership. Even essential services such as education, hospitals, and police are up to their necks in corrupt practices. People who use government hospitals expect to have to bribe doctors and nurses before they can be treated" (April 1990; 16).

In Zimbabwe top government officials used their influence to buy trucks and cars at the artificially low official price from the state owned vehicle assembly company and quickly sold them on the black market for enormous profit (*Africa Report*, January–February 1989; 37). Meanwhile, in Zambia, President Kenneth Kaunda, the architect of Zambia's socialist ideology of humanism, dismissed as "a big lie" recent allegations that he had transferred $6 billion in state funds to personal bank accounts abroad (*The New York Times*, August 15, 1990; A6). Civil servants who had retired ten years earlier from Zambia's Ministry of Power, Transport, and Communications were found to be drawing their salaries on a regular basis. "A snap survey carried out on various public service departments found that 3 percent of the names on the government payroll were counterfeit. . . . It was estimated that the government was losing 500 million kwachas ($12.5 million) a year in fraud of this kind (*New African*, December 1991; 33).

The Deleterious Economic Effects of Corruption

Bribery, embezzlement, and theft—sometimes on a grand scale—divert enormous resources from public coffers into private hands. Unchecked, it eventually blossoms into a "culture of corruption." Nigeria is a typical case where corruption has mushroomed and spilled over onto the international scene with various "advance fee" frauds and scams. In many African countries, unrestrained corruption pervades the civil service, statutory boards, and public corporations; what began as occasional acts of public misconduct has spread like a cancer. The result is a pathological condition of "systemic corruption"—an administration in which "wrong-doing has become the norm, whereas the notion of public responsibility has become the exception, not the rule." Corruption is then "so regularized and institutionalized that organizational supports back wrong-doing and actually penalize those who live up to the old norms (Chazan et al. 1992, 180).

This pattern of looting has become so deeply ingrained that it is difficult to eradicate. In Ghana, for instance, Commissions of Inquiry into official wrongdoing have accompanied each new regime and each set of commissions unearthed, not unexpectedly, massive corruption and graft. Every commission recommended stiffer penalties and/or special police agencies to ferret out these practices. In 1983, Flight-Lieutenant Jerry Rawlings, the new ruler, had people who were found guilty of major acts of corruption shot. Yet the incidence of corruption has actually worsened.

Corruption has several deleterious effects on economic development. First, it breeds inefficiency and waste. Contractors and suppliers fail to deliver. Who you are and how big a kickback you offer matter more than how well or efficiently you perform a job. As a result, work done is shoddy: roads are poorly constructed and wash away at the first drop of rain; telephones refuse to work; postal service is non-existent; and the entire communication system is a shambles, costing the country billions in lost output.

Infrastructure has crumbled in many African countries. The educational system has sharply deteriorated. Roads are potholed. Hospitals lack basic supplies, and patients are often asked to bring their own bandages and blankets. When former president Mobutu Sese Seko of Zaire fell ill, he flew to France for treatment. Tanzania's President Julius Nyerere passed away in St. Joseph's Hospital in London in 1999, while Zambia's President Levy Mwanawasa died in a Paris hospital in August 2008. "Zimbabwe's phone system is notoriously [so] bad [that] many businesses use messengers and personal visits instead" (*The Economist*, March 2, 1996; 44). In 2015,

> Equipment breakdowns and lack of essential drugs at Mpilo and United Bulawayo Hospitals is threatening the health of the people in Zimbabwe. . . .
>
> Mpilo has suspended all surgical procedures owing to a critical shortage of drugs and operating consumables such as oxygen kits—leaving scores of patients stranded. Meanwhile UBH is manned by only one orthopedic surgeon. Currently more than 50 orthopedic patients are said to be on the waiting list. . . . According to patients and officials at Mpilo, the health institution has also run out of basics such as bandages and cotton wool swabs.
>
> "It is now the order of the day for patients who qualify for medical schemes and subsidised health services to buy prescribed drugs from private pharmacies using their own money. Patients who want to undergo various operation procedures are the most affected as they are required to bring their own gloves, syringes, and other consumables," said a nurse at the hospital who refused to be named for fear of victimization. (*The Zimbabwean*, February 5, 2015)

State institutions decay and break down. Nobody cares because tenure of office and promotions are based not on competence and merit but on personal loyalty to the president, ethnicity, and sycophancy. Institutions such as the civil service, the judiciary, parliament, and the police disintegrate and fail to function since they have all been perverted. Says Kenyan scholar Tom Ochieng based in Charlotte, North Carolina: "Today in Kenya there is no rule of law. If you commit a crime, traffic offense, or anything else, you only have to bribe the police. Your lawyer will even tell you to take something to the judge presiding over your case and the case will be delayed and eventually thrown out" (*African News Weekly*, August 4, 1995; 6).

"Today, there is no institution of government that is not riddled with corruption, not even the military," said Kennedy Agyapong, Ghanaian member of Parliament in an interview with Sahara TV on November 14, 2014.[29]

The rot is not confined to one area but seeps into all areas of government. Parliament becomes a joke—a rubber stamp. Olusegun Obasanjo, former president of Nigeria, dismissed the country's National Assembly as "a den of thieves and looters" (*Premiere Times*, November 24, 2014). The police, the military, and the civil service—are all hopeless. Even though the state soaks up scarce resources (through heavy taxation), it fails to fulfill its role in facilitating economic growth or delivering essential services.

Nigeria has many fine lawyers, but the judiciary is tainted by trials settled with bribes. It has fine academics, but universities are tarnished by the trade in diplomas. It has respected chiefs, but the nobility has been mocked by the sale of chieftaincy titles. In many ways, the institution which has suffered the most under this military regime is the military itself. "Military men are not soldiers anymore" is a common Nigerian observation (*The Economist*, August 21, 1993; Survey, 6). Nigerian cities have fire departments, but often there is no equipment. When a three-story apartment building and a bakery were destroyed by fire in Umuahia "one volunteer, Mr. Timothy Nwachukwu, said that the fire service did not help because they had no working vehicles" (*African News Weekly*, February 24, 1994; 12).

Institutional break-down and the failure to provide the most basic essential services creates an environment

inimical to development. The cost of doing business in such an environment increases enormously. Simple, routine applications take weeks to be approved. Security of persons and property can seldom be guaranteed. Expanding production becomes chancy, given intermittent disruptions in the supply of electricity and water.

According to the World Bank report, *Doing Business in 2015*, several countries improved their regulatory environment to facilitate the ease of doing business. Only five of the top ten improvers were African, and getting electricity remained a challenge in such countries as Ghana and Nigeria which were often blanketed with rolling outages, which Ghanaians aptly characterized as *"dumsor"* (off/on).

Second, corruption aggravates the budget deficit problem. Expenditure figures are padded. Ghost workers proliferate on government payrolls. In Sierra Leone scores of ghost workers were added to the government payroll and their salaries collected by living workers, defrauding taxpayers of millions of leones. "In one government department 75 percent of the staff were found to be nonexistent" (*West Africa*, September 5–11, 1988; 1648). "An audit task force appointed by the Nigerian Government said on 1 November 1996 that it had discovered 28,000 'ghost workers' on the state payroll . . . . The 'ghost workers' are either fake, retired or dead persons whose names remain on the payroll for fraudulent officials to claim their wages" (*African News* Weekly, November 11–17, 1996; 17).

Nigeria's Minister of Finance Ngozi Okonjo-Iweala said that corruption had persisted in the country because Nigeria lacked the institutions, systems, and processes to prevent it. She also disclosed that about 62,893 ghost workers had been nabbed and reburied—hopefully for good with stakes driven through their hearts (*African Leadership Forum*, July 10, 2014).

Elsewhere in Africa, the ghost workers scam remained the popular tool for looting and defrauding the state:

- 6,000 ghost workers in Zimbabwe (*The Standard*, February 14, 2014)
- 7,000 ghost workers in Ghana (*Ghana News*, September 1, 2017)
- 7,000 ghost workers in Uganda (*The Sunday Monitor*, August 5, 2013)
- 12,000 ghost workers in Kenya (*The Daily Nation*, November 20, 2014)
- 14,000 ghost workers in Tanzania (*AllAfrica.com* August 20, 2014).

Revenue collectors are notoriously corrupt, pocketing part of tax proceeds, waiving taxes if they receive large enough bribes. Partly as a result, African budgets are chronically in deficit, which is often financed by printing money. That in itself often aggravates inflationary conditions in the economy, occasioned by shortages and supply rigidities.

By 2014, the problem had not been solved; rather it had worsened.

- In Kenya, "The Cabinet ordered government officials to be investigated for allegedly colluding to pay 12,000 staff unaccounted for after the conclusion of the biometric registration exercise" (*Daily Nation*, November 20, 2014).
- In Zimbabwe, "A report from the Public Service Commission (PSC) indicated that some 6,000 irregularly employed youth officers have been removed from the payroll" (*The Standard*, October 14, 2012).
- In Tanzania, "The amount stolen could have saved many lives by purchasing essential medical supplies," the deputy minister observed. Mr. Nchemba announced that over 40 billion shillings was paid to 14,000 fictitious workers, equivalent to 480 billion shillings—annually" (*Allafrica.com*, August 28, 2014).
- In Nigeria, "The federal government has uncovered a total of 60,000 ghost workers in federal establishments across the country following the staff audit of the federal government ministries, departments and agencies (MDAs) on the implementation of the integrated Personnel and Payroll Information System (IPPIS). The current number indicates a 20 percent increase over the 50,000 earlier announced, the coordinating minister for the economy (CME) and minister of finance, Dr. Ngozi Okonjo-Iweala disclosed" (*Allafrica.com*, October 22, 2014).

More disgraceful, it was the IMF which helped Ghana clear ghost names from its public payroll:

> The International Monetary Fund (FUND)—which is in talks with the Ghanaian Government for a financial programme—is helping the young oil producer to clear ghost names from its public payroll. "The IMF team is working with the authorities, and is working with the authorities in several areas including issues related to concrete steps in cleaning up the government payroll. . . ." Deputy Spokesman, Communications Department of the IMF William Murray, revealed at a news conference in Washington, Thursday, December 11, 2014.

The Government has been spending about 70 percent of tax revenue in paying public sector workers. That figure was reduced by more than 10 percent recently, according to President John Mahama, after all outstanding payments and arrears relating to the migration of workers onto the single spine salary structure was dealt with.

In July this year, the Controller and Accountant General's Department (CAGD) announced that it has deleted 3,179 ghost names from public payrolls in the Greater Accra region alone, between April and June. Also in January this year, Deputy Minister in charge of tertiary education, Samuel Okudzeto Ablakwa, announced that the government had deleted over 2,913 ghost names from the Ghana Education Service's (GES) payrolls. In November last year, 1,052 staff of the Korle Bu Teaching Hospital could not be accounted for after a head count. An additional 60 who were paid through the hospital's internally generated funds (IGFs) could also not be accounted for. Of the 1,052 members of staff, 490 belong to other institutions but worked under KBTH, while 84 were newly employed nurses at the hospital.

In March last year, about 1.3 per cent of Ghana's GDP, translating into over GH¢1 billion, was paid to non-existent public sector employees or ghost workers in 2013, according to analysis done by Dr. Joe Abbey, Executive Director of economic think tank Centre for Policy Analysis (CEPA). He said an average of GH¢100 million was paid to ghost employees every month in 2012. (*GhanaWeb*, December 13, 2014)

Third, corruption drives away foreign investors: "Government contracts in Nigeria, say international businessmen, are among the most expensive in the world 'mainly because of excessive margins built into such contracts for personal interests.' Those personal interests can be seen attending expensive schools in Britain, or parked outside plush government villas: a Maserati or Lamborghini is quite normal for an army chief" (*The Economist*, August 21, 1993; Survey, 5).

Africa has remained a wilderness to foreign investors for a variety of reasons: weak currencies (except notably in extractive industries, where output is priced in dollars), exchange controls, a feeble local private sector, poor infrastructure, small domestic markets, stifling bureaucracy, political instability, uncertain legal system, and corruption. Despite fanciful ads, elaborate investment codes, and guarantees of profit repatriation, Africa "attracts less than 5 percent of the direct investment going to the developing countries, an estimated $2.5 billion or so in 1994" (*The Economist*, August 12, 1995; 11). In 1995, when a record $231 billion in foreign investment flowed into the Third World, Africa's share fell to a miserly 2.4 percent.

Crumbling infrastructure, chronic instability and corruption have deterred foreign investors. Even French investors are shying away from Africa. According to *The African Observer* (April 4–17, 1995), "Africa's share of French overseas investment dwindled from $500 million in 1983 to $170 million in 1992, Jean-Pierre Ranchon [vice president of the Council of French Investors in Africa] said. Asia's grew from $4 million to $600 million over the same period (p. 22). But why should foreign investors be excoriated when Africa's kleptocrats do not invest their own wealth in their own countries?

Asked former US Assistant Secretary of State for African Affairs Herman Cohen (in 1991): "Over the last 10 years, Africans themselves have exported $20 billion a year into bank accounts in Europe [and the US] buying real estate. So if Africans don't have confidence in their own continent, why should the rest of the world?" (*Africa Insider,* July 1994; 4).

Fourth and finally, corruption leads to economic contraction and collapse. Africa's experience shows that a corrupt government is incapable of efficient economic management and eliciting the sacrifices necessary for the development effort. A corrupt African government cannot attract foreign investment or spur domestic investment. Like the colonial state, the predatory African state is also extractive. Under colonialism, Africa's resources and wealth were plundered for the development of metropolitan European countries. Today the tiny, parasitic ruling elites use their governing authority to exploit and extract resources from the productive members of the society. These resources are then spent lavishly by the elites on themselves or siphoned out of Africa. As Robinson (1971) asked plaintively: "What incentive does the peasant have to produce more when through taxation the surplus is siphoned off to be spent in conspicuous consumption?" (p. 3).

People become alienated, as the Nigerian scholar, Claude Ake (1991b), noted eloquently:

"Most African regimes have been so alienated and so violently repressive that their citizens see the state as enemies to be evaded, cheated and defeated if possible, but never as partners in development. The leaders have been so engrossed in coping with the hostilities which their misrule and repression has unleashed that they are unable to take much interest in anything else including the pursuit of development. These conditions were not conducive to development and none has occurred.

What has occurred is regression, as we all know only too well" (p. 14).

The economy limps along or contracts. The contraction is accelerated by large-scale flight out of the formal economy. People lose faith in the ability of the government to provide basic services (housing, health care, water, and electricity) and jobs and to combat corruption. A growing sense of alienation and disaffection among the larger population sets in. A huge credibility gap emerges between the people and the leadership. Cynicism and suspicion flourish. Those who control the state become increasingly insecure, sensitive, repressive, and less responsive to the wishes of society. The mass of the people in turn begin to regard the state and its organs with fear, suspicion, and cynicism.

Desperate, people withdraw from the formal economy and turn increasingly to clandestine economic transactions in the parallel or informal economy to keep their incomes and assets out of the reach of the state. These are survival mechanisms. The parallel economy is called *magendo* in East Africa and kalabule in Ghana, but everywhere its activities are similar. They involve hoarding, exchange of goods above the official price, smuggling, illegal currency deals, bribery, and corruption.

With time, larger and larger segments of the economy slip out of the control of the government. It soon finds that its control does not extend beyond a few miles of the capital—as was the case for the late Samuel Doe regime in Liberia, the late Siad Barre regime in Somalia, and Mobutu Sese Seko of Zaire. In such a weakened state, a rebel leader senses an opportunity and mounts an insurgency. Fierce fighting erupts and degenerates into civil war. The country implodes and infrastructure is thoroughly destroyed. The head of state is captured and killed or flees to die in exile. A new leader is sworn in as president but, as Africans often say, "He too comes and does the same thing." The Congolese were wondering whether they had not traded Mobutu for another "Mobutu" in the person of President Laurent Kabila . . . but then he too was assassinated.

The Patronage Network

During the colonial period, the government was regarded as alien. Therefore, stealing government property, embezzling government funds and sabotaging the machinery of government were all considered a patriotic duty. This changed after independence and the anatomy of corruption in Africa underwent fundamental changes. Let us look more closely at the **four phases**, previously mentioned in Chapter 6, that may be discerned—largely influenced by the changing political needs of African leaders, economic exigencies, and the evolution of new banking instruments.

Phase I may be considered the period from independence in the 1960s to the 1970s. To garner support for the struggle for independence, the nationalists promised to distribute the benefits of independence to the people: free education, health care, affordable housing, and jobs. With independence attained and elections won with huge parliamentary majorities, the nationalist leaders were settling down to develop their economies. Their main preoccupation was consolidating their grip on power and servicing their support base. Key positions in government were channeled to kinsmen and development projects to the ethnic areas that voted for the president.

In Cameroon, 80 percent of the *prefet* and *sous-prefet* (district chief executives) were from President Biya's Beti tribal group. In Ivory Coast, the Bauole tribal group ruled the country and occupied all key positions in the administration from independence until the December 1999 coup. In Gabon, President Bongo's Fang have been in control. Similar ethnic monopolization of power could be found in Kenya, Nigeria, and Sudan. Petty corruption was tolerated because it was deemed necessary to fund patronage, vital to secure political support.

A million dollars here and a million dollars there might disappear without much fuss. For example, in 1963, Krobo Edusei, the minister of agriculture in the socialist government of Kwame Nkrumah, attempted to import a gold-plated bed worth three million pounds ($5,000) into Ghana. He was famous for tooling around the capital of Accra in a Mercedes-Benz 220s. He once quipped that "Under socialism all men are created equal—just like my five fingers." Some Mercedes-Benz socialist!

Phase II is considered to have been the 1970s to the 1980s. Political needs had changed. Africans were demanding democratic elections, but the concept of "one man one vote" came to much of Africa at one time. The nationalist leaders used their parliamentary majority to subvert the constitution, ban opposition parties, and declare themselves presidents for life. The people or tribesmen were no longer needed to keep the president in office. However, some presidents were removed through a rash of military coups and revolution insurgencies. Thus, it became necessary to broaden the political base of support to profes-

sional or occupational groups—such as civil servants, soldiers, teachers, students, etc.

To achieve this end, the leaders resorted to patron–client and patron–patron relationships. Sycophants and hatchet men may be employed as clients to execute the diktats of the strongmen. Hatchet men or ruthless thugs may be hired to carry out dastardly deeds; for example, "eliminating" a political rival or dissident. Strongmen could also court the support of local leaders, such as chiefs and market traders, with promises of personal gain, public office, or local development. Every effort was also made to co-opt leaders of important organizations, such as the Trade Union Congress, Teachers Association, student unions, other ethnic groups.

The result was a grand coalition of interest, religious, and ethnic groups, competing for access to the despot and for scarce resources from the state. The despot might play one group against another in order to maintain control. He might also cruelly punish a "disloyal" group in order to keep the others in line. Another type of clientelism is creating new organizations, such as defense committees, revolutionary watch-dogs to dispense justice, even though the country has a formal court system. Or he may create a paramilitary organization, such as *janjaweed* in Sudan and *Green Bombers* in Zimbabwe. They are armed by the despot—ostensibly to defend the "revolution" (whatever that may be)—to fight off enemies, both external and internal. The more sinister motive, however, is crushing domestic dissent and opposition. The purpose of all of these groups or clients was to secure and keep the despot's place in office and not to produce one bag of corn.

During this second phase, economic issues were percolating to the top. The vast majority of the nationalist leaders rejected capitalism after associating it with colonialism in the 1960s and adopted socialism as their economic ideology. But their socialist experiments soon began to falter. To deal with the impending economic crisis, they resorted to state controls and interventionism. These created shortages, spawning a culture of bribery and corruption. Citing corruption, the first batch of soldiers that seized power in the early 1970s came to clean up house and returned to the barracks; for example, Obasanjo of Nigeria in 1975 and Afrifa of Ghana in 1969. However, incoming civilian administrations did not dismantle the statist interventionist behemoth.

State interventionism with a plethora of controls created a bewildering labyrinth of hurdles and precipices. To navigate them required the payment of bribes or commissions, which went straight into the pockets of administering officials. Commodity shortages worsened, presenting the ruling elites with rich opportunities for illicit personal gain. The most lucrative were import controls, which were imposed to conserve foreign exchange for the importation of machinery and spare parts essential for development. But with the payment of a bribe—often 10 percent of the value—any luxury item could be imported. During this second phase, corruption became more personalized, with corruption proceeds going into private pockets, rather than to seek ethnic votes.

Naturally, the economic crisis worsened and the military stepped in again—but this batch of soldiers came from the dredges of the barrel. Their trademark was taking draconian measures such as stringent state controls, border closures, execution by firing squad, currency changes, and a slew of commissions of inquiry in Liberia, Guinea, Ghana, Mali, Niger, and Nigeria.

The 1970s and '80s were the most turbulent and chaotic of the postcolonial period. There were civil wars, military coups, economic crises, and political turmoil. "Big Men" provided their followers with access to state resources, handing out "jobs for the boys" in the civil service, government boards, and public corporations. But the "boys" became unproductive charges to the state: "In 1984, 20 percent of Ghana's public sector workforce was declared redundant by the Secretary of Finance" (*West Africa*, January 27, 1986; 178). Those that did not belong to these charmed circles or ethnic groups were excluded from the spoils of power or the gravy train. This explains why nearly all the rebel insurgencies and civil wars during this phase were started by politically excluded groups.

In Kenya, "Cabinet ministers continue to see power as a means to plunder the economy on behalf of their own ethnic groups. On June 7, 1993, Johnson Makua, the minister for information and broadcasting, explaining that his tribe, the Kamba, supported the ruling Kenya African National Union and President Daniel arap Moi, said it was now the turn of the Kamba to enjoy the rewards of power. 'We have been fed on bones for too long and it is our turn to feed on meat, while others feed on bones,' he told his fellow tribesmen" (*The Economist*, June 12, 1993; 47). Indeed, it seemed President Moi's priorities were to let his own ethnic group "eat" (as Kenyans call official theft) as much as possible before he left office and passed Kenya on to a successor who would let him live in safe retirement (*The Economist*, April 18, 1998; 42). He was constitu-

tionally barred from running for re-election in 2002, and his chosen successor was soundly defeated in the election.

Up until the mid-1990s, there were few financial innovations in the banking industry. Offshore banking and electronic funds transfer, for example, were unknown. The crooks had to move the loot physically—in suitcases, boxes, and trunks of cars. In 1988, for example, France sent $2,591 million in aid to Africa, but in the same year, according to the *Independent*, "[n]early CFA 3.5 billion—47 percent of the total issue—was exchanged in Europe by the Bank of France, some of it exported in suitcases" (June 19, 1990). As previously mentioned, in pre-dawn raids, the late General Sani Abacha of Nigeria sent heavily armed trucks into the basement of the Central Bank of Nigeria and carted away billions of dollars, which were spirited out of the country by his henchmen in suitcases (*The Washington Times*, July 29, 1995, A7). In Kenya, it was openly stated that officials in the Moi government had more stolen money in foreign bank accounts than the entire Kenyan foreign debt of about $8 billion (*The Washington Times*, August 3, 1995; A18).

Phase III began in the early 1990s with a full-blown economic crisis. A foreign debt crisis sent African governments to the World Bank and the IMF for bailouts. In return for a bailout, the World Bank and the IMF demanded economic reforms known as Structural Adjustment Programs or SAPs. These entailed the removal of state controls, the sale of inefficient state-owned enterprises and more reliance on the market economy. That fundamentally changed the calculus of corruption.

With the removal of state controls, rent-seeking opportunities disappeared, but the sale of state-owned corporations presented a new opportunity—they were sold at fire-sale prices to cronies and supporters. For example, in 1992, in accordance with World Bank loan conditions, the Government of Uganda began a privatization effort to sell off 142 of its state-owned enterprises. In 1998, however, the process was halted twice by Uganda's own Parliament because, according to the chair of a parliamentary select committee, Tom Omongole, it had been "derailed by corruption," implicating three senior ministers who had "political responsibility" (*The East African*, June 14, 1999). The sale of these 142 enterprises was initially projected to generate 900 billion Ugandan shillings or $500 million. However, by the autumn of 1999, the revenue balance was only 3.7 billion UShs.

In Egypt, according to Muhammad Al Ghanam, the former director of Legal Research in the Ministry of Interior,

> the government has sold the greater part of public-sector companies for less than a quarter of their worth to businessmen working for either Mr. Mubarak's sons or foreign companies in return for huge commissions for the Mubaraks and top government officials.
>
> To obtain a high position in the Interior Ministry and the Intelligence Ministry, it is necessary to be involved in corruption, and being condemned by courts for corruption is an asset. Through corruption, Mr. Mubarak secures the loyalty of heads of the security departments, making sure they will execute his policies and oppress his political adversaries.
>
> Mr. Mubarak has encouraged those ministries to loot public money by forming companies that offer construction services and, contrary to the law, are given deals by the state for huge sums, in some cases 20 times the amount offered to competing companies. These funds are then distributed among the top people at those ministries.
>
> The Mubarak era will be known in the history of Egypt as the era of thievery. (*The Washington Times*, June 9, 2002; B2)

Western Complicity

During all these phases, the international community turned a blind eye to the escalating orgy of corruption in Africa. The practices of some Western commercial banks were complicit. For example, overzealous Western bankers routinely neglected checks on creditworthiness, financial controls, and supervision in accepting deposits or extending loans. For example,

> Up to £500m looted from Nigerian government coffers by the country's dictator, the late General Sani Abacha, and his relatives, was laundered through at least 15 banks in the City of London.
>
> The banks include the high street giants HSBC and Barclays, London branches of Citibank, and Deutsche Morgan Grenfell in Jersey. More millions were transferred to Abacha-controlled companies in the Caribbean and other offshore havens. (*The Sunday Times*, December 17, 2000)

For decades, President Obiang of Equatorial Guinea, parked his loot worth over $4 billion at Riggs Bank in Washington DC—a revelation that led to the collapse of the bank. According to the US-based research body Global Financial Integrity (GFI), "More than £1 tril-

lion may have flowed out of Africa illegally over the last four decades, most of it to Western financial institutions. Even using conservative estimates, the continent lost about $1.8 trillion (£1.18 trillion)—meaning Africans living at the end of 2008 had each been deprived of an average of $989 (£649) since 1970" (*The Guardian*, April 1, 2010).

Of course, Western companies were involved in this naked plunder of Africa during this period. For example, "the former manager of Germany's engineering and electronics giant Siemens admitted paying massive bribes to the regime of the late General Sani Abacha" (*This Day*, November 25, 2006).

Allegations also surfaced in 2009 of "corrupt and otherwise illegal business practices by Western business in Africa. The US oil firm Halliburton agreed to pay $559 million to settle US corruption charges linked to its former subsidiary KBR in connection to a scheme to bribe Nigerian officials for construction contracts" (*Washington Post*, May 24, 2009). And in September 2014, the African Development Bank (AfDB) banned a British company from doing business with it for thirty months because of corruption in a bank-funded contract with Eritrea. "The AfDB revealed that the company, Eduteq Limited, and its director, Katrina Grant, admitted 'fraudulent practices.' Ms. Grant was barred from doing business with the Abidjan-based development bank for a year" (www.corruptie.org/en/afdb-bans-uk-company-for-corruption).

Western donors and multilateral financial institutions do not escape culpability either. During the Cold War, Western donors cast a blind eye to corruption in Africa. Cold War allies, such as Ferdinand Marcos of the Philippines and Mobutu of Zaire were looting their countries blind. More maddening, the donor agencies knew about these leaders' motivations and activities. Patricia Adams of Probe International, a Toronto-based environmental group, charged that "in most cases, Western governments knew that substantial portions of their loans—up to 30 percent, says the World Bank—went directly into the pockets of corrupt officials, for their personal use" (*Financial Post*, May 10, 1999).

The West knew that billions of dollars were being transferred to Swiss banks by greedy African leaders. "Every franc we give impoverished Africa, comes back to France or is smuggled into Switzerland and even Japan" wrote the Paris daily *Le Monde* in March 1990. Said *The Economist* (January 17, 2004): "For every dollar that foolish northerners lent Africa between 1970 and 1996, 80 cents flowed out as capital flight in the same year, typically into Swiss bank accounts or to buy mansions on the Cote d'Azur" (Survey, 12). The World Bank itself estimated that "nearly 40 percent of Africa's aggregate wealth fled to foreign bank accounts" (*Washington Post*, November 25, 1999; A31). And what did the World Bank do to stop this looting? Shamefully, nothing.

According to former World Bank President James Wolfenson, "the Bank could not talk about the 'C-word' (corruption) because it was political and donors felt uncomfortable about it" (*Washington Post*, November 9, 1999; A39). So the Bank had to redefine corruption, not as a political issue but as an economic and social issue to make the Bank's shareholders comfortable and react more favorably to fighting it. Then the Bank undertook its own study of 60,000 poor people in sixty of the countries, known as "Voices of the Poor," and concluded that "Poverty is not just about money: poor people want to be able to express themselves, to elect their own people and to gain access and representation" (*Washington Post*, November 9, 1999; A39).

Paul Wolfowitz succeeded Wolfenson in 2005. Wolfowitz won some debt relief for Africa, made poverty alleviation and corruption in Africa his topmost priority. He suspended loans to Chad over diversion of oil money to purchase weapons and took a hard line against the tyrannical regime of Robert Mugabe of Zimbabwe. But Wolfowitz's anti-corruption campaign rankled a staff more interested in advancing their cushy careers by shoveling money out the door. On May 18, 2007, they forced his resignation over a "sweetheart deal" for his girlfriend, Shaha Riza, and the fight against corruption in Africa—if there was any—died.

Phase IV began in the new millennium with no serious effort to control or fight corruption—in or outside Africa. The unique characteristic of this phase was the raw pillage or brazen plunder of resources with impunity—and often times with the active collaboration and connivance of foreign governments. To be fair, Western donors, now and then, did raise a stink over corruption and suspended aid.

For example, in November 2013, the United Kingdom cut aid to the Ugandan government, accusing its officials of stealing billions of shillings in aid money. The *Express* of the United Kingdom said 1.3m pounds, approximately 5.2 billion shillings, was diverted by government officials (*Sunday Monitor*, November 7, 2013). In the same month, the United Kingdom also suspended aid to Malawi over the $100 million "'Cash-

gate' scandal, which saw central government pay out for goods and services that were never supplied and senior officials arrested with wads of banknotes in their car boots and houses" (*The Telegraph*, November 18, 2013). But then the donors would ask the same corrupt governments to clean up their act. As we saw in the previous chapter, the leadership has not been interested in real reform. They would gleefully set up their own coconut commissions of enquiry with no teeth to investigate themselves.

The anatomy of corruption changed dramatically during this phase. The distinguishing feature of this phase is the physical plunder or actual theft of resources. Before, with the use of some accounting gimmicks, oil proceeds might disappear or be diverted from government to private accounts. But now it was the actual crude oil that was being stolen. In a highly organized mass theft operation called "bunkering," criminal gangs in Nigeria siphoned off crude oil from pipelines and refineries. They then refined it themselves in illegal refineries to sell on the black market. The gangs also acted as pirates, seizing and offloading oil tankers at sea. These gangs were sponsored by politicians, government officials, and even army officers.

The Nigerian Navy confirmed that the country loses about $20 billion annually to crude oil theft. The loss amounts to roughly seven percent of Nigeria's total output. Recall, in February 2014, when Lamido Sanusi, the governor of the Central Bank of Nigeria, wrote the president accusing the Nigerian National Petroleum Corporation (NNPC) of not remitting $49.8 billion (about three times the nation's annual budget) to the Federation Account, it was he, the governor, who was sacked for "financial recklessness and misconduct" (*The Vanguard*, February 14, 2014).

Then in January 2015, the president launched total war against corruption. He said, "'the battle against corruption goes beyond arresting suspects and parading them on television,' saying therefore that in the New Year, his administration would concern itself with building institutions and strengthening existing ones in a way that the system could on its own deal effectively with the issue" (*The Nigerian Tribune*, January 2, 2015).

As detailed in Chapter 5, the resources and the mineral wealth of DR Congo were plundered during Africa's First World War, in which seven African countries fought to save the Kabila regime—from 1997 to 2000. A UN Security Council Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of the Congo (DRC) found that the conflict was "mainly about access, control, and trade of five key mineral resources: coltan, diamonds, copper, cobalt and gold." The report also described "mass-scale looting" of stockpiles of minerals, coffee, wood, livestock, and money that were available in territories conquered by the armies of Burundi, Rwanda and Uganda (https://tinyurl.com/yabcljyy). Neither Uganda nor Rwanda has any known deposits of gold or coltan; yet, they were exporting them—obviously plundered from the DR Congo.

In 2006, a large diamond field was discovered by African Consolidated Resources PLC at Marange, Zimbabwe. Marange's potential revenues are staggering. Geologists estimate that the 80,000 hectares of diamond fields at Marange could hold between two and seven billion carats of raw diamonds, and the fields are currently contributing as much as 25 percent of global diamond output.[30] The government of Robert Mugabe seized control of the fields and allowed security officials (police and army officers) as well as party hacks to plunder them. At Zimbabwe's Diamond Conference in Victoria Falls in November 2012, former South African president Thabo Mbeki expressed concerns that Zimbabwe's diamond industry had fallen under the control of a "predatory elite." There is widespread public belief that the Marange diamond fields are under the clandestine control of groups of ZANU–PF officials—using their access to state power to enrich themselves against the interests of the people. Also in November 2012, a campaign group, Partnership Africa Canada (PAC), alleged that

> [a]t least $2bn (£1.25bn) worth of diamonds has been stolen from Zimbabwe. . . . It was "the biggest plunder of diamonds since Cecil Rhodes," it said, referring to a British colonial mining magnate. . . . The "theft" at the Marange fields had enriched Zimbabwean officials, international gem dealers and criminals, the PAC report said. (*BBC News Africa*, November 13, 2012)[31]

Why Africa is poor has little to do with race, religion, or ideology but much to do with its defective system of governance. The richest people in the United States—for example, Warren Buffett and Bill Gates—made their fortunes in the private sector by actually creating something of value: Berkshire Hathaway and Microsoft. By contrast, in Africa, the wealthiest are presidents who looted the public treasury, turning the whole notion of "wealth creation" upside down.

Of course, as some claim, there were "robber barons" in America's history: Rockefeller, Carnegie, Vanderbilt, Morgan, Astor, Jay Gould, James J. Hill. But they built railroads, steel mills, banks, oil companies, and their enterprise drove the American industrial age from 1861 to 1901. By contrast, Africa's kleptocrats stash their loot overseas—a double whammy. According to a March 26, 2010, report by *Global Financial Integrity*, Africa lost $854 billion in illicit financial outflows from 1970 through 2008 and the outflows from Africa may be as high as $1.8 trillion (www.gfip.org).

A UN Report on Global Corruption, released in Vienna on April 13, 2000, said that up to US$30 billion in aid for Africa, twice the GDP of Ghana, Kenya, and Uganda combined, ended up in foreign bank accounts (*New Vision*, April 15, 2000). African leaders want the rich countries to share their wealth with Africa, but they are not prepared to share theirs with their people.

In the next chapter, we shall discuss how to combat the scourge of corruption. As should be readily apparent, corruption—the second most insidious obstacle to Africa's progress after the vampire state—is itself the product of dysfunctional institutions in the ship of state or developmobile. More importantly, a plethora of dysfunctional institutions in themselves create an environment that is inimical to development.

The Enabling Environment

The true challenge of development is to spur and release the creative energies of Africa's peasants. Creative activity, however, does not occur in a vacuum but in an environment. Various government legislation, policies (taxes, duties, and subsidies), institutions, and attitudes shape this environment. Thus, politics, law, ecology, and culture all form part of what may be called the development environment.

When this environment is such that it encourages or induces people to greater effort, it is described as "enabling" or "conducive" to productive effort. Although an "enabling environment" is an intangible, amorphous concept, certain pertinent features can be isolated for purposes of study with respect to their impact on development. The World Bank (1989) identified "incentives and the physical infrastructure" as crucial. But a more expansive set of requirements for an enabling environment would include the following:

- Security of persons and property
- System of market-based incentives
- Rule of law
- Basic functioning infrastructure
- Stability: economic, political, and social
- Basic freedoms: intellectual, political, and economic

Since the importance of these may not be obvious to many African government officials, it is necessary to spell them out briefly.

Security

Security derives from the commonsensical fact that a person's first prerogative is survival. Let us imagine a peasant farmer named Amina. If she were in fear for her life, she would not go to her farm and double agricultural output—nor would she if her maize harvest were repeatedly stolen by armed robbers. The harvest is her own personal property. How she disposes of it should be her own business. Similarly, if an entrepreneur or investor establishes a company, it is his own personal or commercial property which cannot be arbitrarily seized.

A System of Market-Based Incentives

There are two ways of inducing greater productive effort from individuals. One is to provide them with incentives. For example, people may be praised, honored, or rewarded for certain patriotic acts. The other is to remove disincentives or obstacles that prevent them from achieving greater productivity. Consider, for example, a worker who has been subjected to a constant barrage of insults, taunts, and abuses. He might become more productive if the pattern of abuse ceases, just as Africa's peasant farmers might do if the pattern of exploitation, repression, denigration, and castigation subsides. Similarly, an exorbitant tax, such as a 90 percent profit tax, can act as a disincentive. Reducing the tax rate can in itself provide an incentive to produce and curtail tax evasion.

Chronic and persistent shortages of foreign exchange and restrictions on foreign currency transfers can deter foreign investors. High corporate taxes, inadequate depreciation allowance systems, rigid labor codes, uncompetitive wages, and cumbersome investment legislation and procedures also have negative effects on investment, as well as do slow and inefficient government bureaucracies, complicated requirements, and corruption.

Nothing rewards people better than enjoying the fruits of their own labor. People do not engage in economic activity for altruistic reasons. The following account, culled from *The Washington Times* (November 4, 1999) illustrates the point:

> Paul Kibrono-Bor, 25, is training to be a marathon runner in Kenya's rural Rift Valley. In fact, three of his six brothers are also hoping to be Kenya's next marathon or track star. They practice sprinting up steep hills and jogging along mountain paths for up to four hours a day . . . . In the Rift Valley, children dream of becoming rich and famous track stars, and international agents and sports-equipment companies are betting on their success.
>
> "I want to run so that I can improve my status and have a bright future. . . . I hope to have maybe a car and nice house and all those wonderful things," said Paul.
>
> Last year, Mr. Kibrono-Bor won $2,000 for finishing second at a half-marathon in Italy. With the money, he bought two acres of land on which he grows corn, sugar cane, and other vegetables.
>
> That's good for Kenya, says the undisputed founding father of Kenyan running, Kipchoge Keno. "Running has done a lot for Kenya. During my time, there were no incentives. Today there are incentives which are financial and this is the most important thing because it can help the runners in the future." (p. A17)

If Paul had won $5,000 for finishing second in Italy, he probably would have trained harder. Similarly, our peasant farmer, Amina, does not break her back in the hot sun to produce maize because of patriotism. She does so because she wants to earn a living, feed her family, and survive. She cannot supply all her family wants from the farm, so she produces a surplus, which she sells at the market. She uses the proceeds to purchase the things she cannot produce for herself. If she wants a sewing machine or television set, then she must produce more on her farm. Thus the market performs a vital role in enabling her to feed her family's wants other than food.

Further, the market's price mechanism operates as a system of incentives. If the price of maize were to rise, she would have a greater incentive to produce more. And if the price were to drop drastically, she might consider switching to the cultivation of, say, yam, the price of which may have been rising. Price changes also send "signals" to consumers, giving them incentives to alter consumption patterns. For example, if the price of chicken rises, a consumer may purchase fish instead.

By rising and falling, prices perform an important economic function. The "signals" that prices transmit influence the allocation of resources. The price mechanism also provides people—both producers and consumers—with a system of incentives. Anything that interferes with the operation of the price mechanism, therefore, not only reduces the effectiveness of incentives but also leads to distortions in the allocation of resources. Price controls, security checkpoints (or roadblocks), and poor road conditions that impede the free movement of goods are examples of such interferences as we saw in Chapter 4. The removal of these impediments may induce greater production.

A host of other noneconomic disincentives may be identified: civil strife, insecurity, political instability, and absence of due process that allow people, deprived of the fruits of their labor, to seek redress. In eastern Sudan, the government arbitrarily seizes farmers' wheat harvest. When the independent daily, *Alwan*, criticized this foolish policy, it was immediately suspended for two days on July 22, 1999, by the National Press and Publication Council (NPPC) (*Index on Censorship*, November/December 1999; 251).

Or consider the situation in Burundi, where coffee production has declined because of civil strife that engulfed that small country. "In 1994, Burundi produced about 41,000 tons of coffee. Production dropped to 30,000 tons in 1995. Coffee farmers in Burundi's rich western provinces of Cibitoke and Bubanza were most affected. Once the agricultural heartland of Burundi, these two provinces and a third in northern Burundi, Kayanza, were deserted because of the fighting" (*The Washington Times*, April 18, 1996; A12). Thus, when world coffee prices rose in 1996, Burundi could not cash in. By contrast, after the civil war ended in Mozambique in 1992, its GDP grew by an annual average of 6.6 percent for the next four years.

Even ordinary crime can seriously curtail production: "In Malawi, crime has risen so sharply that some people have stopped growing crops that can easily be carried away in the night" (*The Washington Times*, June 16, 1999; A26). In the Ivory Coast, it was political turmoil in 2000, following the December 24, 1999, coup, which cut its cocoa production by half (*The Economist*, November 11, 2000; 60). There were even more dramatic declines during the civil wars of 2005 and 2010.

Rule of Law

A well-functioning legal system offers security of persons and property. It also ensures that the laws of the land are obeyed by all, with no exceptions. Individuals cannot do what they please outside their homes. In their interactions with others, they must follow the law. In other words, the law "rules," taking precedence over the whims or caprices of individuals. For example, the law may say that it is larceny to acquire property by

stealing it from someone else. Anyone guilty of such a felony, whether that person is a doctor, a chief, or even the president of the country, shall be prosecuted and punished for all to see.

Embezzlement or theft of public funds falls into this category, since the victim is the taxpayer. And when one's security is threatened or one's property is stolen, one does not "take the law into one's own hands" but follows laid-down procedure to seek a redress, usually by hauling the culprit, even if it is the government, into a court of law. When these conditions are met, the rule of law, which means respecting and following established ways of doing things, is said to prevail.

Why is the rule of law important for economic development?

The constitution and the system of laws define the parameters or the legal framework within which economic activity or competition takes place. If the parameters are constantly being shifted or violated, then confusion, uncertainty, or even chaos may result. Economically, it is difficult to make investment plans when laws are suddenly abrogated and new decrees issued without notice and to take immediate effect. People cannot be expected to follow the rules when the authorities themselves flout the law or apply it capriciously to favor one person over another. It would not be fair to a competitor to see a rival company blatantly violating the law while the authorities looked the other way. And yanking a company's license to operate simply because the president of the country dislikes the owner's political views or ethnicity can have a chilling effect on business investment and innovation.

The importance of rule of law was driven home in a speech by Professor Ernest Aryeetey, the vice-chancellor of the University of Ghana, in a speech delivered on October 31, 1998, at Achimota School:

> Essentially, the constraints to achieving our goals and aspirations in the 21st Century is tied to the disjuncture between our consumption patterns and our production systems. The problem is that, given the opportunity, Africans would like to consume everything that modern economies can produce or offer. These are often described under the fanciful expression of 'consumer durables' capturing refrigerators, radios, television sets, cars, bicycles, cookers, microwave ovens, etc. But these are produced within definite economic structures that are informed by definite social structures, norms and practices. Those who produce them do so because they can borrow from banks and the capital markets to finance the production. They can borrow because the states have put in place laws and regulations that protect the lender against crooked borrowers. Those laws are in place because those societies ostensibly believe in the rule of law. In turn, the rule of law has been established in order to protect individual property rights while taking into account their societal obligations. It is in a society that individual rights and privileges are guaranteed that we will see innovation. And innovation is an essential ingredient to the process of modernization of economies. (*Public Agenda*, January 4–10, 1999; 11)

To ensure that the rule of law prevails, the most fundamental prerequisite is the existence of an independent and impartial judiciary. That is, the bench must be free from government control or manipulation. The judges must not all be appointed by the president or hail from his ethnic group. And judges must be free to deliberate on issues without fear of incurring government displeasure and even to reach verdicts against the government without fear of being abducted and murdered—as happened to three Ghanaian judges in 1982.

Basic Functioning Infrastructure

In production, inputs have to be procured and labor trained and employed. The finished product must be marketed. Telephone calls have to be made to contact prospective customers. Goods have to be shipped and deliveries made on time. Some basic infrastructure, such as roads, schools, electricity, water, and telephone services, are essential to facilitate this process. More important, they must function reliably. A factory will have difficulty with production if there are frequent interruptions in the power supply. And if factory owners must install their own power generators, water supply or mobile telephone systems, the cost of production will increase, the rate of output will fall, and the results will be passed on to the consumer in the form of higher prices. Even then, such prices would place the business at competitive disadvantage, making it difficult to compete with imports.

Stability

People and businesses need a stable world in which to conduct and plan their daily activities. People cannot make production decisions or increase agricultural production when bombs go off in the middle of the night and everything is in chaos. Production activity—and therefore development—is sustainable only in a stable environment. Stability has several aspects: political, economic (monetary, price), and social. "To attract

investment, a stable economic and political environment is essential" (World Bank 1989, 9).

A system is stable if, after an initial disturbance or sudden change, it returns to its original position. A pendulum at rest is stable. If knocked, it eventually returns to its former position. Thus, a political system is stable if, following an election the system returns, not necessarily with the same head of state but instead to the same bedrock of principles on which it was founded: democracy, rule of law, accountability, freedom of expression, and so on. That is, the system must have the capability to sustain itself year after year without violent and chaotic change. Political stability is not assured by having one buffoon declare himself president-for-life and keep all power to himself. That kind of "stability" is artificial because groups excluded from power-sharing and decision-making will plot to overthrow or battle the government for inclusion. These activities result in violence and civil strife—hardly the environment that encourages development.

Economic stability is also required for development. Both producers and consumers need assurances that the economic system will not suddenly be overthrown and replaced with a convoluted one, that banks will continue to exist and function, and that the currency they have stashed under their mattresses will continue to have value. Peasant farmers need to be assured that markets will still be there and that they will not be uprooted and forcibly resettled on government farms or ordered to sell their produce to government agencies.

Price stability means that the currency, say the *zonga*, will have a stable value, so that when Amina goes to the market she will not find that a chicken, which cost 5 zongas yesterday, today costs 10,000 zongas. Planning one's productive activity is exceedingly difficult, if not impossible, when prices are increasing rapidly. Hyperinflation undermines confidence in the currency, discourages savings, and stimulates capital flight. Generally, price increases on the order of 5 percent are considered "normal." But a rate of inflation in excess of even 15 percent creates serious economic problems.

Monetary stability means that the currency, banks, and the monetary system as a whole continue to function smoothly without major upheavals. It means, for example, that Barclay's Bank will still be there tomorrow and its depositors will be able to withdraw money. It also means that Amina will not find that the zonga is no longer legal tender because overnight the government has replaced it with a new currency without giving people time to exchange the old for the new currency.

A sound monetary system is vital for the smooth functioning of an economy. An economy without money will grind away at a snail's pace, as people will be forced to exchange goods by barter, which is cumbersome, inefficient, and time consuming. A monetary system operates largely by confidence. People will use and hold money if they have confidence in it. If not, they will rid themselves of their money by purchasing commodities. Of course, if everybody did this, the result would be inflation—rising prices. The resultant inflation, if excessive, would reduce the value of the currency, eventually rendering it worthless. Few people would keep their savings in such a currency. They would rather hold dollars or foreign exchange. Nor would people keep their savings in banks, as their value would be eroded by inflation. The classic example was Zimbabwe's currency, which collapsed in February 2009 when inflation rate hit 6.5 quindecillion novemdecillion percent—65 followed by 107 zeros.[32]

Economic (price and monetary) stability and confidence in the banking system as well as the economy are all intricately tied up with how the government manages the economy. Of particular importance are the government's administrative capacity, policies, statements, budget deficits, and development priorities. What the government says or does, as well as the efficiency with which it processes applications, can have a major impact on investment and therefore development. For example, a government that is hostile to private business and rails against private companies as "corrupt" and "exploiters" will not have much luck attracting foreign or domestic investors.

How the government manages its own fiscal affairs is also extremely important. Chronic and ever-expanding budget deficits are manifestation of fiscal indiscipline. Such deficits may be financed by raising taxes, borrowing, or simply by printing money. In raising taxes, the government appropriates more and more resources to satisfy its voracious appetite. But if the tax base is narrow, such tax hikes increasingly fall on a small group who might eventually rebel or evade them. And if the government slaps an 80 percent profit tax on businesses, they would hardly have the incentive to continue operations.

Thus, government management of its own budgetary affairs has an important impact on the development environment. A government that recklessly manages its fiscal policies and makes persistent forays

into the banking system to scoop up liquidity will inject more money into the economy and fuel inflation. And rapidly rising prices would play havoc with savings, investment, and production decisions. Mexico did this in the 1980s and, according to *The Economist* (August 26, 1995), "The financial crisis of the 1980s cost Mexico more than five years of lost development" (p. 19).

Freedom

Economic actors (producers and consumers) must have some measures of freedom to make decisions. At the individual level, a farmer, for example, must be free to determine what type of crops to cultivate, how much of his produce to consume with his family, where the surplus must be sold, and at what price. The government cannot make these decisions for millions of farmers. Similarly, consumers must be free to determine for themselves what products to purchase and at what prices. If an item is too expensive, a consumer may decline to purchase it, buy a substitute, or produce the item himself. Nobody knows what is best for the consumer better than the consumer himself. Consequently, economic actors must have the freedom to make these decisions for themselves.

Angola farmer carrying buckets of water

The purpose of development is to raise the living standards of the people. Common sense mandates that those whose lives are being improved ought to have a say or participate in the development decision-making process. How does one know what peasant farmers want and if their needs are being satisfied? A February 1990 conference in Arusha, Tanzania, hammered home precisely this theme. The conference stated in its *African Charter for Popular Participation in Development Transformation:*

> We affirm that nations cannot be built without the popular support and full participation of the people, nor can the economic crisis be resolved and the human and economic conditions improved without the full and effective contribution, creativity and popular enthusiasm of the vast majority of the people. After all, it is to the people that the very benefits of development should and must accrue. We are convinced that neither can Africa's perpetual economic crisis be overcome, nor can a bright future for Africa and its people see the light of day, unless the structure, pattern and political context of the process of socio-economic development are appropriately altered. (*Africa Forum*, 1991; 14)

Accordingly, structures must be established to permit the people's "full participation" in the development process—from the bottom up. People are not robots but human beings with emotions, thoughts, beliefs, customs, and aspirations. And as such, they must have the freedom to express themselves, their beliefs, thoughts, and ideas; freedom to live where and when they choose; freedom to worship a religion of their own choice; freedom to produce and market goods of their choice; freedom to belong to or form any association—trade, religious, economic, or political; freedom from arbitrary arrest; and freedom from tyrannical rule or despotism. These may be grouped into intellectual, economic, and political freedoms as well as human rights.

The Prevailing Development Environment

It is obvious to even the most casual observer that the requirements for an "enabling environment" that allows people to participate fully in the development process and attracts foreign investment have not been met in most African countries. Predatory African governments have recklessly banished the rule of law and wreaked mayhem across the continent, scattering human debris and wanton devastation in its wake.

"Our government is hopeless," said Arnold Mapfumo, a welder waiting in a line for gasoline in the suburb of Chitungwiza in Zimbabwe. "If we don't have petrol, everything stops. Everything stops. What can we do?" (*Washington Post*, July 25, 2005; A15). It was a sentiment echoed in Angola. "I am just a working man, I don't know why the government doesn't help us," said Vieira Muieba, 27, a construction worker, whose wife died of cholera in Luanda, Angola. "I don't know where the oil money goes. We become angry but we don't know what to do" (*The New York Times*, June 16, 2006; A14).

Even the late Julius Nyerere, former president of Tanzania, noted this in a speech at the University of Edinburgh on October 9, 1997:

> The necessary conditions for attracting foreign direct investment are simply not there yet in most African countries. In my view, three factors militate against economic and social growth in Africa. The first of these is corruption. This is a widespread cancer in Africa. Its negative impact on the economic, social, and political development of our continent is undeniable. The primary responsibility for eradicating this cancer from our societies, is our own in Africa. . . . The second factor which makes business reluctant to invest in Africa is political instability. . . .
>
> But even if African countries were to become paragons of good governance and political stability, despite the corruptive and disruptive nature of poverty itself, foreign investors would not be coming rushing to Africa. Most African countries still lack the necessary physical infrastructure and the education and training in skills needed for rapid economic and social development. This, in my view, is the third and the most important factor militating against significant flows of foreign direct investment to Africa. Until this lack is remedied through substantial and sustained investment in those areas, African countries could pass all the laws the IMF and the World Bank might prescribe, and privatize everything including their prisons, but the foreign investors will not come; instead they will go to such Asian, Latin American or East European countries where the infrastructure is more developed and the modern skills are available. A little corruption here and there, or a little political instability will not discourage them, if they can make money! (*PanAfrican News,* February 1998; 7)

A 1998 Report by the United Nations Conference on Trade and Development (UNCTAD), "World Investment Report 1998: Trends and Determinants," observed that, "While most African countries have recently made efforts to facilitate foreign direct investment, bureaucratic red tape remains the most important obstacle for investment in the region" (*The African Observer*, November 30–December 13, 1998; 21).

However, the factors that deter foreign investment are often the same factors that discourage domestic investment too. As Alhaji Bamanga Tukur, president of the African Business Round Table on business partnership with New Partnership for African Development (NEPAD) observed at the Commonwealth Business Forum on December 3, 2003, in Abuja, Nigeria, "It is really difficult to ask foreign investors to come and invest on our continent when our own people are not investing here. There is no better factor to convince foreign investors than for them to see that our own people, both those based at home and those in the Diaspora, invest in Africa" (*This Day*, Lagos; December 4, 2003). It may be said that the way to attract foreign investment is through domestic investment. Why invest in Liberia when the Liberian elite are not investing in their own country? Does the foreign investor know something that Liberians don't know?

Security of Persons and Property

"Anyone who doesn't think Africans can make it must be out of his mind. This continent is bursting with ideas and energy. All we need is some calm and security, and you watch what happens," said Moktar Thiam, the owner of a computer technology firm in Bamako, Mali (*The News & Observer*, January 4, 1998; A18). But security and calm have been most elusive. Mali has been rocked by rebel insurgencies in the north and a military coup in 2012 was particularly destabilizing.

In most places in Africa, people live in fear of their lives and property. In an April 1998 Report to the United Nations Security Council, Secretary-General Kofi Annan, observed that

> Africa as a whole has begun to make significant economic and political progress in recent years, but in many parts of the continent progress remains threatened or impeded by conflict. For the United Nations there is no higher goal, no deeper commitment and no greater ambition than preventing armed conflict. The prevention of conflict begins and ends with the promotion of human security and human development.

Since 1970, more than forty wars have been fought in Africa, the vast majority of them intra-state in origin. The consequences of those conflicts have seriously undermined Africa's efforts to ensure long-term stability, prosperity, and peace for its peoples.

Civil wars and strife have raged in Algeria, Angola, Burundi, Central African Republic, Chad, Congo, Djibouti, Egypt, Mozambique, Liberia, Libya, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Uganda, and Zaire (now DR Congo). These senseless wars have uprooted millions of peasants and caused severe dislocations in agricultural production. The cost of these wars is impossible to calculate, but most experts believe that Africa's agricultural production would have increased by as much as 30 percent if civil wars had not erupted. Recall that Africa spends $35 billion each year to import food.

In Ethiopia, former dictator Mengistu Haile Mariam's socialist regime, which ruled for sixteen years and was known as the Dergue, forced peasants into co-

operatives, stirring profound resentment among farmers who had to share their crops with less hard-working countrymen. As Stephen Buckley, a foreign correspondent for the *Washington Post* (May 25, 1998) noted, "Security was such a problem that they never knew if they would return safely from the market. Government officials regularly snatched their sons away for army duty. On top of that, the Dergue made farmers sell crops to the state Grain Marketing Corp., which paid them prices that were sometimes one-fifth of what they could get in a open market" (p. A18).

"The economy is stagnant and no jobs are being created, largely because few Liberians or foreigners will invest amid fear and public insecurity. I used to incorporate new businesses every week, but I haven't done one in six months," said Tiawan Gongloe, a human rights attorney in Liberia (*Washington Post*, January 14, 1999; A23).

African governments do provide security—not for the people but for the ruling gangsters. According to General Ibrahim Babangida, the former military despot of Nigeria, "State security, in government parlance, is any measure, offensive or defensive, taken to protect the state from acts or whatever that even annoy the head of government. You can take any measure to stop the country from being subjected to acts of sabotage or terrorism. You can take any measure to make sure that the head of government or state or the president does not get annoyed. It's all part of security" (*Tell* magazine, July 24, 1995). Note that it was the state that was being protected against the people.

For the people, "security" has been a pattern of heinous brutalities. The worst offenders have been military rulers. According to the World Bank (1989), "Sometimes the military have deposed unpopular regimes. But often this had led to more, not less, state violence and lawlessness. Occasionally it has led even to civil war. These disruptions have driven many to become refugees, both directly by threatening lives and indirectly by making drought and other natural calamities harder to cope with" (p. 22).

Consider the following:

> Despite all of the ceremony and media spotlight surrounding its determination to deal with lawlessness in Ghana, the Police Administration appears incapable of arresting a group of heavily armed soldiers from the Military Police who descended on Gomoa Buduburam to terrorize the family of the Bamfos, popular in the community for their entrepreneurial spirit.
>
> On September 29, 1997, six heavily armed soldiers from the dreaded Military Police unit landed at Buduburam, a village near Kasoa on the Accra Winneba road, split into two groups and invaded the homes of the Bamfo family, their fingers on their AK-47 triggers.
>
> With just one furious kick each from their boots, the first group broke down the metal gates of Mr. Isaac Bamfo, one of the "wanted" men. Unable to find him, the invading soldiers spent 30 minutes vandalizing the house, and finally cursing their intended victim when they realised to their chagrin that he might have slipped away." (*The Ghanaian Chronicle,* October 15, 1997; 6)

> The Osolu family complained to the Nigeria Air Force headquarters that their house in Afube village, Amichi in Nnewi-South Local Government Area of Anambra State, was recently invaded by Air Force personnel. The airmen allegedly shot a gun in the air and chased everybody out after beating them up and vandalizing their property.
>
> NAF director of public relations, Wing Commander Alex Usifoh disclosed to the *Daily Champion* that the NAF has identified the officer who led four other armed airmen to the Osulus' house. All of them came from the 81 Air Center, Benin, Edo State. Usifoh said if found guilty, the airmen might be dismissed and handed over to the police for persecution. [They never were.] (*African News Weekly,* March 3, 1995; 13)

> Sudanese government troops attacked Kalkada, a village in the Nuba mountains of central Sudan. Villages were burned; food stocks destroyed and animals stolen to make life impossible; civilians were robbed, kidnaped and tortured; women raped. (*The Washington Times*, July 27, 1995; A19)

> When students of Khartoum University marched in 1992 against the rising cost of education, soldiers moved onto the campus, shot several demonstrators, arrested others, and closed the university for the rest of the year. (*The Atlantic Monthly*, August 1994; 32)

> In order to rid Mauritania of the independent-minded black population and to consolidate control over the River Valley, the regime of President Maaouya Ould Sid' Ahmed Taya carried out systematic human rights violations against the black ethnic groups, including arbitrary arrests, extrajudicial executions, expropriation of land, and denial of cultural identity. Two campaigns were particularly shocking: the massive deportations of

> some 70,000 blacks from Mauritania in 1989–1990, which targeted professionals in the cities, land-holders along the Senegal River, and nomadic herders; and the massacre of over 500 blacks in the late 1990/early 1991. This latter group was among the 2,000–3,000 black Africans in the military and civil service who were arrested without charge, held incommunicado in detention, and subjected to vicious physical abuse (*Africa Report*, January/February 1994; 45).

People suffer brutalities not only from the "forces of law and order" but also from the so-called liberators. In Sierra Leone, the people have been trying to pull themselves up by their bootstraps, establishing more than 1,200 co-operative societies, whose activities ranged from savings to farming, from fishing to handicrafts. In 1991, the total membership was about 100,000 mostly women with aggregate savings of about $353,000. But the co-operatives were laid to waste by the insurgents and renegade soldiers.

In April 1995, rebel soldiers raided Port Loko and hit the Kamuyu Rural Income Generating and Vocational Center, a co-operative. They abducted sixty girls and destroyed the center. According to Alpha Jallon, the national registrar of co-operatives, the center was founded in 1982 to equip women and girls with vocational skills so as to help them set up small businesses.

> The April attack forced the Kamuyu Center to close down, says Patricia Forkoi Sonkoi, who fled to Freetown along with other instructors and some of the remaining trainees. "We could not continue in the face of serious insecurity to our lives," she said.
>
> The Young Rising Women's Cooperative at Magburaka, 272 kilometers from Freetown, collapsed after a rebel attack on the town early in 1995. "They destroyed everything at our factory," says Aminata Kamara. "We were lucky to have escaped." (*The African Observer*, August 22–September 4, 1995; 5).

In September 1999, British bank Barclays pulled out of Sierra Leone, after eighty-two years in the country. It had just one branch and one head office functioning in Freetown, the capital. "Barclay's statement said it used to have dozens more branches dotted around the former British colony, a network dating back to 1917, but civil war and insecurity forced them to close during the 1990s. A second Freetown branch closed after being extensively damaged during a devastating rebel attack on the capital in January 1999" (*The African Observer*, September 13–26, 1999; 18). Though the civil war ended in Sierra Leone in 2002, it wreaked havoc and set the country back decades in terms of development.

When the militiamen from the Armed Forces of the Congolese People ran Ndrele in eastern Congo, theft, rape, and lawlessness were commonplace. As Marc Lacey, an American correspondent, reported:

> On a recent afternoon in Uyera, a plump grandmother, sat on the side of the main dirt road selling *mandro*, a fermented drink made of corn. She told how local militias used to stop and gulp down as much as they wanted. When she asked for payment, they scoffed and walked away. A woman selling fruit says she had to give some to whichever armed man came by. At the end of the day, other guerrillas would insist on a portion of her profits. They called it taxation. The men would beat or kill anyone who dared to resist. Rape was a constant danger. One activist, Sofi Aromborac, has a list of 282 girls and women who have been raped over the past two years. "Even if you were an old woman like me, you could be raped," she said. (*The New York Times*, December 24, 2004; A9)

DR Congo is still ravaged by armed rebel groups, who still extort "taxation" from market traders—especially in eastern region in Goma and Kivu. Concerned about the rising abuses, United Nations peacekeepers, most from Nepal, routed some of them and the results were startling:

> Ndrele has settled into something resembling normalcy. On a recent market day, thousands of people from surrounding villages swarmed into town under the watchful eye of the peacekeepers. One man whose son had been killed by the militia years ago said it was the first time in five years he had dared come to Ndrele. The women in the market said that they were selling more than ever and that, best of all, they no longer had to share their wares and their profits with the militias." (ibid.)

There was more: The raid instilled fear in the militiamen. More than one hundred went to a disarmament camp that the United Nations set up in September to reintegrate combatants into society. Those who did not met the full wrath of local residents, who rounded up anyone they regarded as a guerrilla. At least ten were killed:

> Mangara Ukethwengu, 20, had been with the militia in Ndrele but decided to give up. As he walked along the road to go to the transit camp, however, residents set upon him with machetes, leaving gashes on his arms,

> head and groin. "I can understand why they're angry," said Mr. Ukethwengu, who was recovering in a makeshift prison cell at the military base in Mahagi. "The militia has been hurting them and they wanted to hurt me." (*The New York Times*, December 24, 2004; A9)

In the Central African Republic in February 1996, soldiers at the Alpha Yaya military camp went on the rampage to demand a salary increase. "To show they meant business, they fired shots in the air and seized vehicles from innocent civilians. . . . Foreign investors have been thoroughly frightened by the violence and insecurity. Many Lebanese who were victims of the looting have packed their bags and left" (*New African*, May 1996; 26). Over fifty civilians were killed with more than a hundred wounded. But what did innocent civilians have to do with a salary increase for soldiers? The country experienced the military coup in 2003 and descended into a full-blown civil war in 2013.

Most countries in West Africa have been affected or threatened by insurgency activities and terrorist attacks in Nigeria and Niger. Nigeria currently faces security challenges from religious extremist activities of Boko Haram in the northeastern part of the country. The impact of the ongoing militant activities spilled over into neighboring countries, particularly Niger and Cameroon. A spate of suicide bomb attacks hit the capital, Abuja, in August 2014. Then there were bomb attacks on a Kano mosque on November 27, 2014, that claimed more than a hundred lives. Over 10,000 Nigerian refugees had sought asylum by November 2014, according to UNHCR—the UN Refugee Center.

Similarly in East Africa, people in northern Kenya's marginalized Mandera County face a devastating loss of basic services as teachers, healthcare workers, and other state employees leave the area in the wake of a terrorist attack which claimed twenty-eight bus passengers. The victims, who included twenty-four teachers, were shot in the head on November 22, 2014, after being made to lie on the ground. The Somali insurgent group Al Shabab claimed responsibility for the attack.

Even South Africa has not escaped the dreaded impact of crime on investment. In a 1995 policy paper, the ANC government of South Africa laid out a target of 2 million foreign visitors a year by 2005, which would earn the country some $10 billion in foreign exchange earnings and one million new jobs. But in 1998, 1.4 million foreign visitors generated $4 billion and only a handful of new jobs. *The Economist* (November 20, 1999) offered the reason why: "The overriding problem is crime, above all, murder and rape: 20,000 people were murdered in 1998 in South Africa, and statistics show that two women are raped every minute. Lesser crimes, such as car hijackings or daylight hold-ups, are run of the mill" (p. 50).

On February 3, 1999, the president of Daewoo in South Africa, Yong Koo Kwon, was murdered outside his Johannesburg home, in an apparent car-jack attempt, sparking outrage from political parties which say the incident will have a huge impact on foreign investment in the country. Daewoo, the South Korean car company, had invested heavily in South Africa. The South Korean embassy warned that the incident could have a dramatic impact on future South Korean investment plans. The company had been operating in the country for about two and a half years and its imports accounted for about 4 percent of the car market. In August 1996, Erich Ellmer, Daimler Benz's financial director in the country, was also killed in front of his house in a hijack attempt. The incident caused an outcry with German businesses operating in South Africa warning that they could not take much more.

In February 1999, a delegation of African businessmen visited New York to woo investors. Chagrined, they asked: "'Why doesn't anyone want to invest in South Africa?' The most frequent answer they got was, 'There is too much violence and too many threats to personal security'" (*The Wall Street Journal*, September 28, 1999; A27)

South Africa has been battling its image as it tries to attract much-needed foreign investment. "Over the past year, 80 pipe bombs have exploded in Cape Town, and no one has claimed responsibility," said Jon Jetter of the *Washington Post* (December 2, 1999; A36).

Kenya capital, Nairobi, is fast catching up to Johannesburg as the crime capital of Africa. In November 2001, the United Nations Center for Human Settlements released a study of crime in Nairobi. The study was conducted through interviews of 8,621 Nairobi residents. An overwhelming 98 percent of them thought crime was out of control and the police were corrupt, explaining why most crime goes unreported.

"In January, the United Nations downgraded the city's security status from B to C, which put it a notch below Bogotá and Beirut. Researchers concluded that the level of danger on Nairobi's streets was comparable to that of Johannesburg in South Africa, where violence has become an everyday reality. Nairobi's criminals have become so brazen that they no longer

seem to fear the police or prosecutors, the survey said. Machetes, axes and wooden clubs are the weapons of choice among Kenya's criminals, and the use of guns and knives was also reported to be widespread" (*The New York Times*, November 29, 2001; A13).

In Zimbabwe in March 2000, following his first electoral defeat in a February 15 referendum in which he asked voters for more draconian emergency powers and an extension of his twenty-year misrule, President Robert Mugabe unleashed his "war veterans" to seize white commercial farmlands without compensation. In the ensuing violence, at least eighteen people, including two white farmers were killed. Most of the dead were members or supporters of the opposition Movement for Democratic Change (MDC). The effects?

> "Everybody in the region is incensed with us," says Geoff Mhlanga, chairman of the Zimbabwe Stock Exchange (ZSE), once seen as a beacon of stability in Africa by foreign fund managers. "Investors are telling us that the region has been set back 20 years. All we worked to achieve is at risk."

In the first quarter of 2000, as much as $1.3 million was sent out of the country, adding to the $11.4 million that left in 1999. The only reason more money has not fled, said Mr. Mhlanga is that there was no foreign currency left in Zimbabwe to take out.

Such was not the case in South Africa, where foreign investors had been ditching R150 bonds in droves in early 2000 in response to the crisis next door in Zimbabwe. "On April 18, 2000, following the murder of two white Zimbabwean farmers, the South African bond market witnessed an outflow of R1.8 billion ($263 million). One bond analyst said a reason for the run on the R150 bonds was that they were fairly liquid and easy to dump. And the South African currency, the rand, has lost 12 percent of its value since the land crisis erupted in Zimbabwe" (*The Wall Street Journal*, May 4, 2000; A18).

Property Rights

Property rights are not well defined or understood in many parts of Africa and nearly impossible to enforce. In Nigeria, all land is owned by the federal government due to the Use Act of 1978. However some states—such as Cross River and Kwara—have embarked upon aggressive land reform programs. In Ethiopia, Comrade Mengistu Haile Mariam overthrew Emperor Haile Selassie in 1974 and assumed power. In March 1975, Mengistu nationalized all land under the Land Reform Act. He issued a government edict, Proclamation No. 31, which created Peasant Associations (PAs), to be composed of local farmers who elected their own leaders and had power over security, economic policy, and land redistribution within their communities. Under this proclamation,

> All rural land was nationalized. Previous owners would receive no compensation. Every peasant family was to be given access to a plot of no more than ten hectares—but only if they themselves farmed the land. Rural wage labor was made illegal, and peasant associations, with locally elected officials, were to be organized to oversee the distribution of land and to undertake local administration and development. (Donham 1999, 27)

The PAs however quickly lost their autonomy and became organs of the state. Peasant farmers were forced to attend seminars organized by the Ministry of Agriculture, many of which included the political teachings of Marxist ideology the peasants did not understand. The Dergue regime also took over most of Ethiopia's mining operations, commercial farming, banking, insurance, utilities, construction, road transport, utilities, and other industries.

After the Dergue was ousted in 1991, the Zenawi regime continued with misguided policy of state ownership of land. President Zeles Menawi claimed in a BBC interview on *Outlook* (January 17, 2005) that the state was acting only as a "custodian" and that security of tenure was more important that outright ownership. But the statistics did not bear him out. Of the state-owned land, only 12 percent was farmed by 85 percent of the farmers. Large plots remained unfarmed, indicating a reluctance to work on state-owned land.

In Mozambique, the socialist/Marxist ideology of FRELIMO was jettisoned after the collapse of the former Soviet Union but only rhetorically. State ownership of land and property remained in force for decades, discouraging foreign investment. Mozambique Island, a remote town in northern Mozambique just off the coast in the Indian Ocean needed private money and investors to spearhead renovation and development after decades of civil war. But,

> Glamo Mamudo, the town council's head, said many people were interested in investing here but the fundamental problem was the state housing agency. Most buildings were nationalized on independence in 1975. Private ownership is now allowed in theory, but few have papers to prove it. Few maintain their homes, getting a loan to mend your house from the island's only bank is impossible without a title deed.

> Those eager to invest—mainly rich foreigners—are mostly barred by the state housing agency. Many foreigners have come to the island, keen to set up hotels and tourist firms. But most leave frustrated and confused by hostile property rules and demands for bribes. (*The Economist*, February 5, 2005; 48)

Systems of Incentives and Disincentives

Largely absent in postcolonial Africa has been a system of incentives to induce greater production. Most people aspire to be rich and live comfortably. Africans are no exception. After all, the object of development is to lift them out of poverty. In traditional Africa, peasants wanting to be rich produced more on their farms. But in modern Africa, a pervasive system of *disincentives* has prevailed under regimes of state controls, especially price controls, which were most onerous under socialist/Marxist regimes in Africa.

As discussed more thoroughly in Chapter 3, after Ethiopia's 1975 Land Reform Act, in addition to the Peasant Associations, an Agricultural Marketing Corporation (AMC) was set up to ensure control over agricultural development and food distribution. All farmers were required to sell the majority of their produce to the AMC at only 30 percent of fair-market price. Ethiopian's Mengistu also violently enforced his villagization and resettlement program in which he attempted to move 34 million people (roughly 75 percent of the total population of Ethiopia) into state-controlled communes. Truckloads of people were simply dumped in new areas without adequate resources for them to survive. Tens of thousands died and many more faced severe malnutrition because of the resettlement (Harbeson 1988, 197).

In most African countries, politics has emerged as the passport to opulence. Almost every educated African who aspires to be rich wants to be the president or a minister. In the Ivory Coast in 1993, stalwarts within the ruling PDCI party did not even wait for Houphouet-Boigny to be buried before jostling ferociously to succeed him. As previously mentioned, a desperate Philippe Yace said, "I would be happy to become president, even if just for two weeks" (*New African*, May 1994; 41). Similarly in Nigeria, "Politics is seen as a way of gaining access to fantastic wealth, and this government [of Babangida] has taken it to extreme," said Beko Ransome-Kuti, a frequently jailed civil-rights leader in Nigeria (*The Economist*, August 21, 1993; 6). Whoever wields state or political power ultimately controls the allocation of resources.

Similarly in Kenya, "politics has always been a means of securing 'access to the meat.' Rampant corruption has sapped the economy and widened the gap between a rapacious few and the sullen wanachi (the common folks). Companies with links to Moi skimmed monumental sums off government contracts in wheat, oil, and land, and particularly off foreign aid. Budget allocations were sold to the highest bidder. One series of scams in the early 1990s cost Kenya the equivalent of 10 percent of its annual Gross Domestic Product" (*The Atlantic Monthly*, February 1996; 33).

Thus, an intense struggle for political power erupts that is so absorbing that it overshadows the development imperative. "All the problems Nigeria contends with today have to do with the struggle for power," said Andrew Uchendu, a constitutional delegate from oil-rich Rivers State in the southeast of the country (*The African Observer*, May 2–15 1995; 11). Often this competition for power degenerates into political violence, civil strife, or war.

In a war situation, a completely new system of incentives is created. In fact, the war creates its own logic that breeds further violence because those who possess the means of violence can command more resources. "Across much of Africa, a soldier's uniform and gun had long been regarded—and are still seen—as little more than a license to engage in banditry" (Gourevitch 1998, 218).

The rape and pillage have been worse in those countries that have labored under military regimes. Nigeria's military rulers offer the most vivid example, where V. I. Okafor, a retired Nigerian army captain, even confessed: "We are perceived as a class of marauding mediocres, vast in wastefulness, corruption and all sorts of vicious behavior—a class devoid of men of honor and integrity, a class enveloped in infamy" (*The Vanguard*, July 14, 1998; 2).

Hopes were riding high when Nigeria gained its independence from Britain in 1960 with an income per capita of $250. Oil had been discovered in the then fish-rich creeks and swamps of the Niger Delta, in Oloibiri, close to Bayelsa State capital Yenagoa, in 1956 by British Petroleum. In 2001, oil sales accounted for 95 percent of Nigeria's foreign earnings and most government revenue. Since then, the Nigerian government has raked in billions of dollars in revenue. According to the World Bank, successive governments have earned more than $480 billion from oil since 1970 alone. But decades of kamikaze plunder by its military bandits have reduced the country to a comatose giant.

However, time and again in Africa's postcolonial history, all sorts of characters wielding bazookas and AK-47s have seized power or embarked on a crusade to clean up government or bring real freedom to their people. And time and again, these so-called saviors and liberators have turned out to be perfervid scoundrels and bandits, robbing innocent peasants and unleashing mayhem on the people. In case after case, rebel leaders have transformed themselves into crocodile liberators. As Africans are wont to lament, "We struggle very hard to remove one cockroach from power and the next rat comes to do the same thing! Haba!" Remember rebel leaders Mohamed Farah Aidid of Somalia, Charles Taylor of Liberia, Paul Kagame of Rwanda, and Yoweri Museveni of Uganda, who set out to liberate their respective countries of tyranny? How genuine was their cause?

Research shows that the late Aidid might have had a more personal ulterior motive for waging a civil war to oust the former and late dictator, Siad Barre, whom Aidid once served. Aidid did not receive his share of kickbacks from the Italy-Somali Chamber of Commerce, which brokered many of the Italian-sponsored construction projects in Somalia in the 1980s. And after Barre was ousted in January 1991, Aidid turned his attention to relief aid, extorting payments for taxes and protection from food relief agencies. When relief aid as a source of revenue evaporated, Aidid turned his attention to the lucrative banana export trade to Europe, leading to a fierce "banana war" between himself and another Somali warlord, Ali Hassan Osman, known as Atto.

Similarly, Charles Taylor's war to oust the late General Samuel Doe turned out to be very lucrative for Taylor, who reduced Liberia to "Charles Taylor Inc." The president, in addition to neighboring Sierra Leone's diamonds, plundered his country's natural resources, and stripped its rainforest bare, enriching his family and a small circle of cronies, while there was no electricity nor running water in Monrovia, the capital. Schools and hospitals crumbled and public services were nonexistent.

In May 2008, the *BBC News* placed Taylor's personal fortune at $5 billion (*BBC*, May 2, 2008, http://news.bbc.co.uk/2/hi/africa/7379536.stm). He was tried at the Penitentiary Institution Haaglanden in The Hague, and found guilty in April 2012 of all eleven charges levied against him, including terror, murder, and rape. In May 2012, Taylor was sentenced to fifty years in a UK prison.

Rule of Law

The rule of law does not exist in many African countries, where the leaders themselves and their ministers flout the law and loot with impunity. For example, on January 10, 1999, *The Standard*, a privately owned Sunday newspaper in Zimbabwe, carried a story that twenty-three army officers and soldiers had been arrested in December 1998 for plotting a coup against Robert Mugabe's government. The defense minister, Moven Mahachi, shaking with rage, declared that the journalists would not get away with such "traitorous" stories.

On January 12, military intelligence officers seized *The Standard*'s editor, Mark Chavunduka, and detained him for a week. "But military policemen have no authority to arrest civilians, so the High Court ordered his release. This was to no avail; the top civil servant in the defense ministry scornfully dismissed the court's ruling. The armed forces did not take orders from judges, he said. The judges, showing little heroism, dodged the case, and Mr. Chavunduka remained in military custody" (*The Economist*, January 30, 1999; 43).

African governments arbitrarily seize people's private property with impunity. People cannot obtain relief from the court system, because the judiciary is just another organ of the kleptocratic government, which appoints judges and justices of the peace. The police, the military, and security forces that are supposed to protect the citizens are themselves the abductors, killers, and thieves.

In July 1995, the Lagos government closed the Ojota toll gate to ease traffic and redirected traffic to two mini-toll plazas on the Sagamu and Abeokuta roads. The police, however, saw it differently. "With pullovers covering their name-tags, they immediately moved into the abandoned toll area and began harassing motorists, collecting bribes—particularly targeting commercial drivers carrying cargoes of electronics" (*African News Weekly*, July 28, 1995; 14).

In Cameroon, the official job of the "road police" who man hundreds of checkpoints across the country, is to ensure the road-worthiness of vehicles and the smooth flow of traffic. "In practice, they extort money at will by cooking up charges against drivers, whether their vehicle papers are up-to-date or not" (*West Africa*, March 13–19, 2000; 16).

Looting and arbitrary seizures of property by undisciplined soldiers became rampant in much of Africa in the 1990s, discouraging not only foreign but domestic investment as well. Finally an African official spoke out. At the African Business Round Table in Cairo (March

1, 1990), Babacar Ndiaye, president of the African Development Bank, warned that "in order to improve the flow of foreign investment into Africa . . . African governments [must] focus more on areas such as ownership law, settling of disputes, exchange controls, incentives and political stability" (*West Africa*, March 12–18, 1990; 423).

Even in Africa's so-called backward and illiterate society, chiefs could not arbitrarily deprive people of their property. According to Louw and Kendall (1987), "In precolonial Africa, there were no powers of arbitrary expropriation, and land and huts could be expropriated only under extreme conditions after a full public hearing" (p. 18). Shamefully, no such safeguards exist in most "modern" African countries. In many African countries today, the rule of law is a farce. Bandits are in charge and their victims in jail. Public property is brazenly stolen. This culture of bribery and corruption costs Africa dearly.

"Corruption is a normal business cost in Zimbabwe," said *The Economist* (March 2, 1996; 44). "Virtually all government contracts now require some form of kickback or 'commission' to those with political influence or to the bureaucrats who stand guard over regulations."[33] In November 2014 Olusegun Obasanjo, former president of Nigeria, dismissed its National Assembly as "a den of thieves and looters" (*Premiere Times*, November 26, 2014).

More maddening, the loot is not invested in Africa to build factories and create jobs, but shipped out of Africa (capital flight) to develop the already rich countries. Said an irate Bedford N. Umez, a Nigerian professor of government at Lee College in Texas: "Even wild animals protect their own territories. These wild beasts, as we call them, use their own common sense to hunt together, share the price of their bounties together and, most importantly, protect their territories together. Not so the embezzlers of our public funds. A man who denies himself, his parents and his children good roads, hospitals, education, clean air and water by providing such amenities to his enemies [the rich countries] needs help—he is sick in the head (*African News Weekly*, October 7–13, 1996; 24).

In the mature African vampire state, corruption becomes systemic: "Unrestrained corruption pervades the civil service, statutory boards and public corporations; what began as occasional acts of public misconduct spread like a cancer" (Chazan et al. 1992, 180).

In the most pernicious types of kleptocracy, such as Angola, Kenya, Nigeria, and DR Congo, the head of state and his entourage systematically looted the wealth of the country. As mentioned earlier, this sort of governance was never acceptable in the supposedly "primitive and backward" Africa; therefore, foreign analysts should never excuse it. Traditional African rulers were held accountable at all times.

For example, Mantse Obli Taki was destooled in 1918 by his Labadi people for a number of offenses, chief of which was the selling of Ga land in the name of the Ga people without consulting the owners of that land and pledging the stool itself as security on a loan. Then, Chief Barima Adu-Baah Kyere and his supporters fled following assassination attempts on them. The dispute concerned accountability regarding the village's revenue (*Ghana Drum*, June 1994; 12).

In modern Africa, however, corruption has careened out of control. As previously mentioned, "Government contracts in Nigeria, say international businessmen, are among the most expensive in the world 'mainly because of excessive margins built into such contracts for personal interests. Those personal interests can be seen as attending expensive schools in Britain, or parked outside plush government villas: a Maserati or Lamborghini is quite normal for an army chief'" (*The Economist*, August 21, 1993; Survey, 5).

"In Cameroon, foreign investors are particularly discouraged that the justice system is the most corrupt of all government departments," said Severin Tchounkeu, publisher of the independent French-language newspaper, L'Expression. "It is often easier now to bribe a judge for a favorable judgment than to pay a lawyer to argue a case. Lawyers are retained only in the most complicated cases, where several judges and Justice Ministry officials need to be bribed" (*The Washington Times*, November 5, 1998; A19). Oscar Amorow, a Cameroonian lawyer based in Washington DC, said his father won a $6,000 claim against an insurance company in 1998 but only received it after paying the judge in the case $1,000 to sign his judgment. A decade later, little had changed.

Basic Functioning Infrastructure

"Time and again we are reminded of Africa's 'potential' as if that were enough to convince hard-nosed investors to plunge into the continent. The irony is that African countries do have a lot to offer, particularly in the mining sector, but what they often lack is an adequate array of incentives to coax the international corporate sector."

—Lara Pawson, journalist
(*African Business*, November 1996; 32)

African governments have little appreciation for the importance of infrastructure, and the word "maintenance" does not exist in the official lexicon. The colonial powers did not leave much of a social or development infrastructure in place—only the barest minimum needed to extract mineral resources from the interior to the coast for onward trans-shipment to Europe. But "much of this infrastructure is now seemingly deteriorating under the weight of mismanagement, lawlessness and the nepotism-based allocation of licenses" (*African Business*, May 2001; 12).

At the World Economic Forum at Davos, Switzerland, in January 2001, UN Secretary-General Kofi Annan noted that "the entire Sub-Saharan African region has less Internet access than the borough of Manhattan in New York City. Most Africans live two hours or more from the nearest telephone. . . . Today, Africa (excluding South Africa) has just 171,000 kilometers of paved roads—less than in Poland" (*Africa Recovery*, June 2001; 4).

Across Africa, governments have failed to provide children with a decent education. "A third of those in Africa who complete four years of schooling cannot read properly. . . . Sierra Leone spotted 6,000 'ghost' teachers, nearly a fifth the number on the state payroll" (*The Economist*, August 1, 2015; 9).

"Fewer than 25 percent of Africans have access to electricity. In Uganda, only 5 percent of the population has access to electricity; in Kenya, 15 percent; in Congo, 6 percent. In oil-rich Nigeria, the energy demands are nearly twice what the country's creaking power plants can produce" (*Christian Science Monitor*, November 15, 2007; 2).

In some African countries such as Angola and Somalia, infrastructure has disintegrated. Angola was ranked as one of the world's fastest growing economies in 2013. Its GDP growth rate clocked 20.8 percent in 2008. Yet, 60 percent of Angolans still live in poverty and many of the residents of Luanda, the capital, lack access to electricity and clean water. In Somalia, the educational system is a shambles. "Billions of dollars of public funds continue to be stashed away by some African leaders 'even while roads are crumbling, health systems have failed, school children have neither books nor desks nor teachers and phones do not work,' said a frustrated Kofi Annan, UN Secretary-General, at a press conference in London" (*The African-American Observer*, April 25–May 1, 2000; 10). When former president Mobutu Sese Seko of Zaire fell ill, he flew to France for treatment. Julius Nyerere of Tanzania, Meles Zenawi of Ethiopia, and Levy Mwanawasa and Michael Sata of Zambia all died in foreign hospitals.

In Nigeria, "besides the collapse of the fuel distribution system, the telephone network is decaying. The electrical grid is failing. Almost no part of Lagos—the steaming, teeming financial and commercial capital—gets electricity all day, and vast tracts of the city of 8 million never get power at all" (*Washington Post*, June 9, 1998; A19).

In March 2000, the electrical grid, after decades of neglect, crashed, blacking out most of Nigeria. "While Nigeria has the capacity to produce 6,000 megawatts of electricity, it produces only about 1,700 because the aging electrical plants have given out. And, while the nation produces 2 million barrels of crude oil daily, only about a quarter of its oil-refining capacity is operational, so it must import refined oil products, draining the national treasury" (*Washington Post*, April 27, 2000; A22). The situation however is not entirely hopeless. Says Helen Okpokowuruk, editor of *African News Weekly* (September 16, 1994):

> There is at least one service that is efficient and on time. It is the phone bill, if you happen to be among the lucky ones in Nigeria who own a phone. NITEL's phone bills are completely computerized and are delivered on time every month. Even though your phone may have been out of order for over half of the month due to technical problems at NITEL, you are expected to pay your phone bill promptly or your line will be "tossed" [disconnected]. If your line is disconnected, it could be given to someone else and you will have to get on the waiting list again to get a new phone line. How long would you have to stay on the waiting list? It depends on how much bribe you are willing to pay to the people at NITEL.
>
> The electricity bill too is computerized and delivered on time. People are not so afraid of having their electricity disconnected. Some would not notice the difference. (p. 2)

Even Abuja, the vaunted new capital, must often go without electricity: "Toll gate operators signal motorists with flashlights to collect tolls. No illuminated warning signs exist to indicate the presence of the toll booths to oncoming motorists" (*African News Weekly*, September 1, 1995; 12).

In Kano's Government Residential Area, where the wealthy live, each household has its own power and water company. Plastic water tanks on spidery legs tower over the tiled roofs, each fed by an electric pump

sucking water from a private well. The electric company provides light just a few hours a day, so the air is thick with the belching diesel smoke of a thousand generators, clattering away in miserable, endless unison.

The poor must manage however they can. With the decline of manufacturing and few formal jobs, many residents make a meager living off one another's misery. Idriss Abdoulaye sells water from a pushcart for 20 naira a jerry can, about 15 cents, to people like himself, too poor to have wells. He makes about $2 a day, and cannot afford to send his sons to school. Instead they go to a Koranic school, where they learn the Koran by rote. He said he worries they will end up as poor, illiterate traders like him. "There is no future for the poor man in this country," he said.

The government was supposed to make improving the nation's infrastructure a priority. President Olusegun Obasanjo, elected in 1999, promised more electricity. Despite billions spent on the problem, all that changed was the name of the state power company. Once known as NEPA—which Nigerians joked stood for "Never Expect Power Again"—it is now called Power Holding Company. The improvement in service has been so minimal that a new joke has taken hold—Please Hold Candle.

In 2007, Saidu Dattijo Adhama laughed about Nigeria's troubles through gritted teeth. He was a textile manufacturer in Kano, and his factory used to produce 3,000 cotton jersey garments a day. In 2001, he was forced to shut down because paying for private generator power to spin his knitters and spinners and pump water for his bleaching and dyeing machines left him unable to compete with cheap imports from China flooding the country in the wake of trade liberalization. "The reason I went out of business is simple," he said. "It is the Nigerian factor. No light. No water. No reliable suppliers. How can I compete with someone in China who opens the tap and sees water? Who taps a switch and sees light?"

He used to employ 330 workers in his workshops in the 1980s, but in 2007 he had just twenty-four employees as he tried to restart his business. He said the blame for the country's dilapidated condition lay with its leaders. Inept and corrupt officials had either wasted or plundered an estimated $380 billion from Nigeria's treasury since Nigeria won independence from Britain in 1960.

"No job! No food! No light! No freedom! No election!" chanted a group of young men in Malumfashi in southern Katsina state (*The New York Times*, April 23, 2007; A8). The lack of jobs and opportunities in northern Nigeria helped fuel the rise of Boko Haram, an Islamic terrorist group.

By 2014, little had changed. As Adewale Maja-Pearce, a Nigerian writer and critic, noted:

> They come about once a month, a van containing a crew of four or five guys, going from house to house, ready to cut off your power if you lack proof that your payments are up to date—and turn it back on for an $8 reconnection fee, or any reasonable under-the-table amount. Alas, I was in arrears.
>
> I owed several months for the electricity they had barely been providing. Even though about 85 percent of Nigeria's urban areas and 30 percent of rural areas are on the power grid—the result of years of government monopoly and its attendant corruption—the supply is intermittent at best. I've been getting about three hours a day, if lucky, and even then rarely at a stretch. Sometimes you don't get any power for three or four days. Like many people here, I rely on a private generator to bridge the gaps.
>
> Things were supposed to get better since the government announced with great fanfare (almost a year ago now) that it had privatized the power-distribution network. But one didn't need to be an engineer to understand that decades of neglect, in this as in other areas of national life, can hardly be fixed in a few months.
>
> The affable crew boss who confronted me was sincerely understanding as I explained to him how my problem had begun six months ago, when my monthly bill jumped from $30 to nearly $185. But arguing was pointless. After my power was cut, pending payment of past bills and the reconnection fee, he suggested that perhaps it would be best for me to go state my case at my local PHCN office. I should have known better.
>
> The official I was directed to wait for was calm. . . . [H]e looked over my latest bill, frowned, and explained that my previous bills had been too low; they had been adjusted upward based upon estimates of my power consumption. He added, my meter was obsolete. I tried to explain that my meter still functioned, but he cut me short, demanding to know why I hadn't applied for one of the new prepayment cards, which deduct money automatically as electricity is used.
>
> I decided to take my case up a notch. But the senior manager I appealed to at the head office the next day shook his head. There was nothing he could do but demand payment in full. However, he added, I was in luck. The card meter was now available. For "just" $275,

> and they could fix one for me—after I had settled the outstanding bill.
>
> So now I was looking at fees of around $525. I went home and discussed the problem with my wife, but in truth there was nothing to discuss and we both knew it. We already paid $215 a month to run our generator, which is not powerful enough to draw water from the well I had dug when the state water authority, equally comatose, finally stopped supplying us many years ago. (*The New York Times*, August 7, 2014)

African governments may draw up brilliant investment codes to attract foreign investors, but they won't come if they cannot be assured of a reliable supply of electricity. Until 2013, Zambia was Africa's top copper miner. But it lost its position to Congo when companies scaled back operations over tax disputes and power shortages. For example, in July 2015, the state electricity Corporation, Zesco, reduced electricity supplies to mines by about 25 percent.

> Crippling power shortages forced Zambia's largest copper producer, First Quantum Minerals Ltd., to halt production at one of its largest mines, the company said Monday, in a major operational scale-down that will result in the loss of nearly 1,500 jobs. . . . Analysts warned that "Zambia's mining sector, the country's key growth engine, which accounts for 12% of GDP and 10% of formal employment, may not easily recover from the blackouts and drought, because of its heavy dependence on hydroelectric power." (*The Wall Street Journal*, August 3, 2015; B4)

Africa's infrastructure has collapsed after decades of abject neglect and destruction from senseless civil wars. A substantial investment is needed to rebuild this infrastructure. According to a World Bank Report (2009), "the poor state of infrastructure in Sub-Saharan Africa—its electricity, water, roads and information and communications technology (ICT)—cuts national economic growth by two percentage points every year and reduces productivity by as much as 40 percent." To close the infrastructure gap, an annual spending of $93 billion would be required.

This was one reason why China made foray into Africa to sign up a blizzard of "infrastructure-for-resources" deals, which, as we saw in the previous chapter, were mostly scams. It was also the same reason why President Obama formulated "Power Africa" as his new policy toward the continent in 2013. Power outages affect domestic investors and manufacturers too.

Stability

Stability, especially political stability, has been elusive in many parts of postcolonial Africa and has had deleterious consequences on economic growth. For example, Lesotho's political and security crisis in 2013 contributed to slowing economic growth substantially, according to an IMF Report. "Natalia Koliadina, head of an IMF technical team which ended a visit to Maseru in November 26, 2014, said real growth in Lesotho's GDP was expected to be just over 2 percent in the current financial period, down from 3.5 percent a year ago" (*Allafrica.com*, November 28, 2014).

Groups excluded from power agitate for inclusion, and excluded groups may resort to civil disobedience. Chaos and strife ensue. All the civil wars in postcolonial Africa were started by politically excluded or marginalized groups. The chaos may even be deliberately planned: "'Don't be deceived by the chaos,' said one experienced Western businessman. 'Mobutu likes it this way. With hyperinflation it's easy for foreigners to make money, and it's the cut from foreigners that fills his pockets. With no roads, the army can never topple him. With no communications, the opposition can never organize. With total corruption, it's every man for himself and people can be picked off one by one'" (*Vanity Fair*, November 1994; 95).

A peculiar form of stability prevails in many African countries—stability wrought by impoverishment and repression. In Zimbabwe, according to Paul Taylor, an American journalist, "There's big enough patronage base in the civil service and parastatal companies, which together account for about 35 percent of the economy, for the Mugabe government to keep a firm grip on power. Ministers get rich, political opponents get weary, the masses get poorer. The country is stable" (*Washington Post*, April 9, 1995; A23).

To rebuff any threats to their authority, insecure African regimes invest heavily in the military and security forces. Their wages and salaries consume a huge portion of the budget. But the tax base is small. To generate revenue, the government slaps a tax on anything that moves. The regime may seek foreign aid or loans, but much of it is used to pay the salaries of civil servants, to import consumer goods and weapons for the military. If access to foreign credit is tight, the regime may simply print the necessary money to finance government expenditures and political campaigns. For example: "In the 1992 election campaign, Moi's cronies established a network of 'political banks' that siphoned money out of the Central Bank and pumped

it into the ruling party's campaign. This brazen abuse of the monetary system to finance the campaign almost doubled the money supply in six months, creating 100 percent inflation" (*The Atlantic Monthly*, February 1996; 33).

The situation was exacerbated during Ghana's December 7, 1996, elections, when the ruling NDC regime was alleged to have printed fake cedi notes to buy votes in the north. Imagine a regime debauching its own currency in order to win an election. Lenin once said that the best way to wreck the capitalist system is by debauching its currency. Flight-Lieutenant Rawlings, a neo-Marxist, appeared to be creating a "capitalistic system" on one hand and wrecking it on the other. The ruling NDC government resorted to the same play to win the December 2012 elections. The national currency, the cedi, depreciated by nearly 40 percent in 2013, forcing the government to seek a bailout from the IMF in August 2014.

In the 1970s, Nigeria's currency, the naira, used to be even stronger than the dollar, exchanging at ₦1 = $1.25. In November 2014, the rate was at ₦180 = $1. Nigeria's banking system came close to the verge of collapse in the 1990s. Most banks were unable to meet their obligations to customers. Depositors often were not allowed to withdraw amounts in excess of 1,000 naira ($90), irrespective of their credit balances. In June 1995, hundreds of irate depositors took action. At the Onitsha Branch of the Mercantile Bank at Owerri Road, they held the staff hostage and demanded to withdraw their money from the bank. "The bank manager maintained that there was not enough cash on hand to satisfy this great number of customers. In response, the depositors blocked all entrances to the bank and would not permit staff members to leave" (*African News Weekly*, June 2, 1995; 12). Depositors were infuriated by a notice on the door to the Ikolaje/Idi-Iroko Community Bank stating that "'we have been forced to close shop as a result of external auditors certification.' . . . A team of auditors had examined the bank's records and found them wanting" (*African News Weekly*, June 9, 1995; 15).

Monetary stability, however, was achieved in Francophone Africa, where the currency, the CFA franc (*Communaute Financiere Africain*), was pegged in 1948 to the French franc (FF) at 50 CFA to 1 FF. It was devalued on January 11, 1994, to 100 CFA to 1FF. The common currency (CFA) and its link to the FF stabilized prices in Francophone Africa but at a tremendous geopolitical cost. By linking the CFA to the French franc and by insisting that Francophone African countries keep 30 to 35 percent of their deposits with the Bank of France, French banking connections were able to exercise "a far more effective system of control than any form of colonization" (Biddlecombe 1994, 30). Furthermore, the linkage of the monetary system accelerated flight of capital out of Francophone Africa: "Over $500 million worth of local CFA currency was being illegally shipped out every year, about one-third of all the notes in circulation" (Biddlecombe 1994, 34).

Elsewhere in Africa, where there was no such monetary linkage to assure "economic independence," African governments simply over-issued their currencies, by printing money to finance ever-soaring budget deficits. But too much money in circulation results in inflation, leading civil servants and workers to demand pay increases. If granted, the salary increases would further increase government expenditures, which would necessitate additional injection of new money into circulation—a never-ending cycle, continuously feeding inflation. What was maddening was that these problems, as well as the solutions, were known. Said Ismail Yamson, chairman of Unilever of Ghana,

> There is no reason why Ghana should not achieve the consistently high growth rates of certain parts of Asia. All the favorable conditions that we see in such fast-growing economies are to be found here and even more. Yet we are not growing. The reasons are not far-fetched. They can be found in the deteriorating macro-economic environment and the poor performance of the manufacturing sector as well as weaknesses in the management and control of government expenditure.

Budget deficits in 1992 and 1993 pushed the inflation rate to around 25 percent, halved the value of the cedi, and forced the Bank of Ghana to raise interest rates to over 40 percent to check the expansion of money supply—just what any country needs to scare away investors and destroy industry (*Africa Report*, March/April 1995; 36). Twenty years later, little had changed in Ghana, and it is still experiencing a structural deficit problem. In 2013, the budget deficit was 12 percent of GDP.

Freedoms

The three types of freedoms relevant for our study are intellectual (freedom of expression, of thought, and of the media), political, and economic. On each type, Africa scores worse than other regions in the Third World. Most African nations are members of

the United Nations, which, in 1948, promulgated the Universal Declaration of Human Rights. Article 19, in particular, asserts: "Freedom of expression is not the product of any political system or ideology. It is a universal human right, defined and guaranteed in international law. Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media regardless of boundaries."

Africa also has its own Charter of Human and Peoples' Rights promulgated in 1986. African governments are supposed to observe October 21 each year as Africa Human Rights Day. But do they? According to *West Africa* (March 1–7, 1993): "Since the African Charter of Human and Peoples' Rights came into force on October 21, 1986, after being ratified by a majority of member states of the OAU including Ghana, it became mandatory for OAU member states to observe the day as a way of sensitizing the people on human rights issues. In Ghana, as in many other African countries, the day is not observed" (p. 327).

Actually, the day should sensitize the government, not the people. But trust the Organization of African Unity to get even this mixed up. According to New York-based Freedom House's *Freedom of the Press* 2015 report, only four African countries have a free press. Twenty-five African countries are in the "not-free" category: Algeria, Togo, Zambia, Guinea, Cameroon, Morocco, South Sudan, Angola, Gabon, Zimbabwe, Central African Republic, Burundi, Chad, Djibouti, Congo, Rwanda, Somalia, Swaziland, Sudan, The Gambia, Ethiopia, Equatorial Guinea, Eritrea, Libya, and Egypt.

Asked President Isaiah Afwerki of Eritrea, "What is free press? There is no free press anywhere. It's not in England; it's not in the United States. We'd like to know what free press is in the first place" (*BBC News*, September 11, 2004; http://news.bbc.co.uk/2/hi/africa/3644630.stm).

In November 2014, Cameroon's National Communication Council suspended journalist Parfait Eyissi of Vision 4 TV, who anchors the program *Major Issues*, for insulting Martin Belinga Eboutou, director of the civil cabinet of Cameroon's president. Ernest Obama, Ernest Belinga, and Romeo Mbida, all Vision 4 TV presenters of programs critical of Cameroon President Paul Biya's government, were also told not to practice journalism until further notice for "failing to respect professional ethics."

A similar situation exists with regard to political freedoms. In 1990, only four African countries—Botswana, Gambia, Mauritius and Senegal—were democratic. In January 2017, only seventeen out of fifty-five countries were democratic—Benin, Botswana, Cape Verde Islands, Gambia, Ghana, Kenya, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Sao Tome & Principe, Senegal, Seychelles Islands, South Africa, Tanzania, and Zambia.

Political tyranny is still the order of the day. Five decades after independence, uncertainty and fear still rule the African continent. The freedom and justice that many people sacrificed their lives for have been replaced by tyranny and oppression. And the promise of a decent living has been betrayed by misgovernment and corruption.

Economic freedom has also escaped the continent. The Heritage Foundation of Washington DC compiled an Index of Economic Freedom for the world and concluded that: "Of the 38 Sub-Saharan African countries graded, none received a score of free. Only 2 received a score of mostly free, 30 scored mostly unfree, and 6 were rated repressed. Of the 19 countries [worldwide] categorized as repressed, the majority are in Sub-Saharan Africa" (Index of Economic Freedom, 2014; xv).

Summary

In sum, Africa's developmobile has been rendered out of commission by the activities and governance of the vampire state. The ruling elites are only interested in self-aggrandizement using the powers of the state. Corruption exacts an enormous toll on economic development. Even if people were willing to ignore the corruption and the dysfunctional state, and to do things for themselves, the prevailing environment would sap much of their energy and motivation.

The absence of an enabling environment is a man-made obstacle—created by gangster African governments themselves. As such it can be removed only by human action from within Africa. Colonialism, Western imperialism, the slave trade, and other external factors have nothing to do with the creation of such an environment. The colonialists did not expunge the rule of law from postcolonial Africa. Even during the discredited period of colonialism, there was law and order, not the lawlessness that is the norm in several African countries today.

American "imperialists" did not order Mobutu to plunder the Zairean treasury. The Soviet Communists did not initiate the savage war against the people of

Ethiopia. Nor did the World Bank tell Flight-Lieutenant Jerry Rawlings to unleash his security forces on peaceful demonstrators on May 12, 1995.

REVIEW QUESTIONS

1. Does a "government" exist in most African nations? (20 points)

2. Explain the characteristics of a gangster state. (20 points)

3. Give an example of a predatory state in Africa and why it can be so considered. (20 points)

4. What eventually happens to the predatory state? (20 points)

5. Why is Africa often in chaos? What effect does that have on development? (20 points)

6. Who have been some of Africa's most corrupt leaders and why? (20 points)

7. What are the causes of corruption in Africa? (20 points)

8. Discuss the harmful effects of corruption on economic development. (20 points)

9. Explain how the West aided and abetted corruption in Africa. (20 points)

10. Explain what is meant by an "enabling environment." (20 points)

11. Why is the rule of law important for development? (20 points)

12. What kind of stability is crucial for economic development? (20 points)

13. Explain the connection between freedom and economic development. (20 points)

Chapter Eight
FIXING AFRICA

"To solve Zaire's economic crisis], 'we send three sacks of angry bees to the governor and the president. And some ants which bite. Maybe they eat the government and solve our problems.'"

—Amina Ramadou, a peasant housewife (*The Wall Street Journal*, September 26, 1991; A14)

"We have to go back to our roots. We have to go back to our traditional ways of solving our problems, traditional ways of working together. Otherwise, Boosaaso [a port in war-torn Somalia] would not have peace."

—General Mohamed Abshir, Boosaaso's de facto administrator (*Washington Post*, March 3, 1996; A29)

"The ANC [government of South Africa] wants to transplant customs from other countries here, and that will destroy the Zulu nation and all that we value. We are poor, but do you see any beggars in the streets like you do in the cities? The inkhosi (traditional chief) makes sure that we are all provided for. The municipality will make beggars of us. When I have a problem, I can go see the inkhosi any time, day or night. I don't need an appointment. They can have their civilization, brother."

—Benjamin Makhanaya (*Washington Post*, December 18, 2000; A1)

"This is a vibrant, diverse country. Hardly anyone wants to see it homogenized into a pseudo-Gulf state. We are not Arabs."

—Nima El-Bagir, a Sudanese journalist (*The Economist*, June 28, 2003; 48)

Introduction

Back in the 1980s and 1990s, nearly all the development models assumed that all other things were equal and all Africa needed to take off was a massive infusion of foreign aid or capital. This orthodoxy, which became known as "capital fundamentalism," assumed that African countries had the "absorptive capacity" to utilize effectively the capital they received from abroad. In other words, they had the right institutions (or those institutions were irrelevant), the right environment, and the capability to utilize foreign aid or investment. For example, the African country was at peace (no civil wars), property rights were respected (government thugs did not arbitrarily seize private property with impunity), and the rule of law prevailed (the head of state and his ministers did not loot the treasury).

Today, most of these assumptions can be seen as profoundly erroneous and absurd. An "enabling environment" has not prevailed over much of postcolonial Africa, as we saw in the previous chapter. In fact, Africa's investment climate has deteriorated progressively over the decades. What now prevails is inimical to development. The infusion of vast amounts of foreign aid into Africa would achieve little results. The Washington consensus has now shifted its focus to "governance," but its fatal flaw is its presumption that the vampire state or the coconut republic—as Africans call their governments—will or is capable of reforming itself, or even if it assents to reform, it would do so efficaciously.

An African economy consists of three sectors: the traditional or rural, the informal or transitional, and the modern. The traditional and informal sectors are the homes of the vast majority of the poor people of Africa—the peasants. The modern sector is situated in the urban area—the seat of government—and is the abode of the ruling elites. The modern sector has been the source of many of Africa's problems. It is bloated and riddled with corruption, inefficiency, and waste. We shall elaborate more on these three sectors in the next chapter.

At this juncture, there are really two forks in the road. Fork 1 requires comprehensive reform to estab-

lish good governance in the modern sector. If the ruling vampire elites are still not interested in reform, they should be left to their own devices and take Fork 2. Here the emphasis is on building upon and developing the traditional and informal sectors by mobilizing young African entrepreneurs—the **Cheetah Generation**—for the task. We shall explore this alternative in the next chapter. This present chapter will concern itself with Fork 1—fixing Africa's problems, which mostly originate from the modern sector, through comprehensive reform.

The Development Journey

Economic development can be considered as taking a journey from Point A (state of underdevelopment) to Point B (developed state). One needs a driver, vehicle, road, and strategy to get to the destination quickly. How fast one gets there will depend upon the skills of the driver, the condition of the vehicle, the state of the road, and the strategy. The term "road" is meant infrastructure—clean water supply, electricity, health care, educational system, telecommunications, roads, bridges, and so on. The term "vehicle" is meant the ship of state or the state-mobile—the constitution, separation of powers, checks and balances, budgetary management, government policies, dispensation of justice, responsiveness of the government to the needs of the people, and the effectiveness of other institutions of the state. "Strategy" refers to whichever way it takes to get to the destination quickly. Should this strategy be market-based or state-controlled? How much role should the private sector be accorded? Naturally, the "driver" is the head of state. In most African countries, the development scenario can be described succinctly as: bad driver, bad vehicle, bad roads, bad strategy, and angry passengers fed up with lack of progress.

Regardless of horsepower, shape, or color, a vehicle is an amalgamation of systems: ignition system, fuel system, electrical system, cooling system, suspension system, brake system, etc. Each system is designed for a specific purpose: the brake system to check the speed of the vehicle and stop a run-away vehicle; the suspension system prevents the vehicle from bouncing along the road; anti-sway bars prevent the vehicle from rolling over; the muffler (exhaust system) prevents the vehicle from making too much noise; and cooling system prevents over-heating.

Each system must be in good working condition for the vehicle to operate efficiently. Each system is independent of the others and cannot be mismatched. For example, oil (a lubricant) cannot be used as coolant in the radiator. When a system breaks down, it must be repaired promptly. Parts designed for one system cannot be used to repair another. Periodic maintenance and repair are vital for optimal operating efficiency of each system. When all systems are operational, the vehicle is said to be in *good or top working condition.*

Similarly, a society or governance operates like a vehicle. Institutions are to the ship of state or society what systems are to a vehicle. Institutions are processes, procedures, rituals, enforcement mechanisms, and organizations that seek to advance or uphold a certain principle, right or desire. For example, if a man wants to have children, he does not just grab a woman from the streets and impregnate her. The procedures, processes, and rituals he must go through are what constitute the institution of marriage.

For purposes of governance, a society has seven key institutions: the civil service, the judiciary, the media, the security forces (military, the police, or law-enforcement), the electoral commission, parliament, and an independent monetary authority. Each institution has a specific function to play and should not be cross-matched with different functions. For example, the role of the military is to defend the territorial integrity of the nation and protect its citizens, while that of the judiciary is to enforce the rule of law and dispense justice fairly. Having soldiers run the government is a mismatch because they are not trained as such; only to fight and kill an enemy.

For these seven institutions to operate well, they must be *independent* and free of interferences from any quarter. They must also watch each other, thereby providing *institutional checks and balances*. While parliament must watch over the executive to ensure that it is not spending recklessly, the president must also watch to see that judges are not on the take. When all these institutions are working well, *good governance* is said to prevail. This is akin to saying that a vehicle is in good working condition when all of its systems are working well. Good governance also means that an enabling environment exists; that is, the judiciary upholds the rule of law, and the security forces ensure security of persons and property, among others. Thus, good governance requires, first, independent institutions, and, second, each institution to be working well.

For each institution to work well, it must police itself to ensure that its officials abide by certain professional and ethical principles, collectively known as

"the code." Thus, there is the civil service code, the military code, the bar code, parliament code or protocol, etc. There are codes in the private sector too. For example, medical doctors swear the "Hippocratic Oath," which binds them to certain professional and ethical standards. Universities also have the academic code. The purpose of all these codes is to ensure that officers of that particular profession or institution adhere to some rigorous professional and ethical standards of behavior. Each institution has its own disciplinary process to deal with officials who violate their respective codes. The military code, for example, debars soldiers from intervening in politics and, hence, bans military coups.

"You lie bad; you will go. Chei!"

Africa's Developmobile Kaput

In most African countries, the "developmobile"—state-owned or controlled—is a gaudy collection of obsolete, discarded parts scavenged from colonial jalopies and foreign junkyards. It operates on borrowed ideology that the operators themselves do not even understand. The engine was bequeathed by the departing colonialists. The carburetor was a gift from Norway and the battery came from Jupiter. The driver's manual is written in Chinese, which the operator can't read. The electrical system is a loan from Zimbabwe and broken. Turn on the ignition switch and the wipers fall off. The brakes are out of order and the shock absorbers are squishy (no checks and balances). In short, the systems are dysfunctional.

Fiendishly clutching the wheel is a reckless megalomaniac who proclaims himself "driver-for-life." He knows squat about how the vehicle operates and how its systems work, yet, insists that he, and only he alone, should be the driver-for-life since the vehicle is his own family property because he brought independence to the country. And so he grooms his wives, sons, daughters, cats, dogs, and even goats to succeed him. Aboard the developmobile are his ministers, cronies, tribesmen, mistresses, sycophants, and other patronage junkies, who, in turn, have brought along their relatives, tribesmen, and friends.

His strategy is state controlled and led by him. There is not enough room for them in the vehicle, meretriciously painted with screaming colors. So they are perched on the roof and dangle from the sides. Emblazoned on a board across the top of the windscreen is the inscription "KK Is Coming" and on the back "KK Is Gone!" And on the right-hand side is "Sea Never Dry"—whatever that means. A goat, stolen from the people, is tied to the rear bumper for a future feast.

In the Democratic Republic of Congo,

> A minister has ordered a Kinshasa jail to release a dozen goats, which he said were being held there illegally. . . . Deputy Justice Minister Claude Nyamugabo said he found the goats just in time during a routine jail visit. . . . The beasts were due to appear in court, charged with being sold illegally by the roadside. The minister said many police had serious gaps in their knowledge and they would be sent for retraining." (*BBC News*, September 10, 2008)

With all of these leeches and parasites mooching off the people, the state vehicle, stumbling along, left a trail of crises in its wake—agricultural crises, foreign debt crises, inflation, refugee crises, and human debris in its trail. By the early 1980s, this smoke-belching, dilapidated state vehicle had groaned to a halt, kaput: dead battery, overheated radiator, broken front axle, and flat tires. Even the late Colonel Muammar Qaddafi recognized this: "The administration has failed and the state economy has failed, enough is enough," Qaddafi said in a speech that made no mention of his own role

El Kaput

as the man in charge for the last forty years (*The New York Times*, March 19, 2009; A7).

As mentioned, this development crisis situation that still confronts many African countries today has four dimensions: bad driver, bad vehicle, bad road conditions, bad strategy—and angry passengers. Fixing one without the others would make little difference to the development journey. For example, changing the driver alone would be pointless if the vehicle were out of commission, nor would building a six-lane highway make much sense.

The vehicle is bad because the institutions that were supposed to provide the checks and balances were derogated by the ruling predatory elites for self-aggrandizement. The elites turned politics or service in government into the arena for self-enrichment. "They only think of getting richer; they ignore us" said an irate Phumnani Dlamini of Soweto, South Africa (*The Washington Times*, July 15, 2007; A7). To be rich in Africa, the elites head straight into politics or government, not the private sector. As government officials, their role is not to serve but to fleece the people.

"The Nigerian political elite to a large extent are like maggots. . . . They are creatures that enjoy the presence of corruption and stench," said Sola Adeyeye, a former member of the House of Representatives (*The New York Times*, October 31, 2007; A8).

To achieve their objective of self-enrichment, they take over and subvert every key institution of government—the civil service, judiciary, military, media, banking, and even the educational system. These institutions become paralyzed. As mentioned earlier, in an interview with Sahara TV (November 14, 2014), Kennedy Agyapong, Ghanaian member of Parliament, said, "Today, there is no institution of government that is not riddled with corruption, not even the military. As the people cry out, where then is the salvation?"[34]

Meritocracy, rule of law, property rights, transparency, and administrative capacity vanish. State-owned corporations and the national treasury are raided with impunity. With enormous powers accumulated in their hands by two defective systems they themselves established (the economic system of statism and the political system of sultanism), the elite *bazongas* (raiders of the public treasury) go scot-free.

Where parliament exists, it is a rubber stamp and not likely to probe deeply into the collapse of a looted, state-owned corporation. Worse, the head at the helm (the driver) has no clue what the problem is. He blames a "neocolonial conspiracy plot" for a radiator leak or corruption. He barks orders, rails against the slave trade, Western colonialism, and imperialism, and demands more foreign aid. Reeking of guilt over the iniquities of colonialism and slavery, naive and gullible Western donors and aid agencies foolishly oblige. Meanwhile, other systems in the ship of state (or development vehicle) are also being perverted to dispense patronage. The civil service is packed with party hacks, cronies, and tribesmen. Eventually, it becomes bloated, inefficient, and riddled with corruption.

The educational system produces functionally illiterate elites who sing fawning praises of the "Big Man." The judiciary system fails to uphold the rule of law because the judges themselves are crooks and the police are highway bandits. The banking system is subject to manipulation by the ruling elite to siphon billions of dollars into overseas accounts. The media in most African countries was taken over soon after independence by the state and gagged or used as a propaganda mouthpiece for the ruling vagabonds. The remaining private newspapers were cowed into silence with criminal libel suits, assassinations, and onerous registration requirements.

But the most discredited and perverted institution in Africa has been the military-cum-security forces, lacking even an elementary understanding of their basic function in society. Instead of protecting the people, security forces train their guns on them. As infrastructure crumbled in the postcolonial period, the ruling elites sought medical attention abroad, sent their children to schools overseas, and shopped in foreign capitals. They even went to die in foreign hospitals: recall Julius Nyerere of Tanzania in St. Joseph's Hospital in London in 1999 or Levy Mwanawasa of Zambia in a Paris hospital in 2008. And the people? They were left to eat grass or starve. The veritable paradise they were promised at independence turned out to be a starvation diet and a gun to the head.

Thus, the institutions of the state became impaired and dysfunctional. Warlords in DR Congo, Liberia, Sierra Leone, Somalia, and other African countries care less about the *condition* of the state or the people. Somalia, for example, has no government; the ship of state has been reduced to an ash-heap of rubble. Yet, warlords and religious extremists still battle ferociously to determine who should be the driver or the head of state of a vehicle that is not working—kaput.

Not to be outdone, Africa's politicians and intellectuals argue furiously and endlessly over who would be

a better leader: a Hausa, Yoruba, Tutsi, Hutu, Kikuyu, Muslim, or a professor. No one talks about fixing the institutions or systems. What is the point in arguing over who would be the "best" leader or whether a six-lane highway must be built when Africa's "developmobile" is kaput? Clearly, if a vehicle has no brakes, it makes little difference even if the driver were a Nelson Mandela; it will still land in a ditch. As pointed out earlier, Africa suffers from a debilitating leadership failure. Only a few of the postcolonial leaders could be said to be good drivers.

Changing the leader through democratic elections alone would not mean much if the state vehicle had broken down. The experience of several African countries in the 1990s is instructive at this juncture. Some leaders were merely changed without fixing their dilapidated systems/institutions: Zambia in 1991 (from Kenneth Kaunda to Frederick Chiluba); Liberia in 1996 (from Samuel Doe to Charles Taylor); Ivory Coast in 1999 (from Konan Bedie to Robert Guie in 1999 and from Guie to Laurent Gbagbo in 2000); and Nigeria in 1999 (from Abusallam Abubakar to Olusegun Obasanjo). Therefore, questions of accelerating development (becoming a developed state) must be deferred until the state system is fixed. We can argue forever over whether this vehicle inherited from the colonialists was defective or not, but that would be pointless. Failure to fix the vehicle validates an African aphorism: "We struggle hard to remove one cockroach from power but the next rat comes to do the same thing. Haba [Darn]."

A new driver with the same defective vehicle leads to the same problems. Meanwhile, to help accelerate progress, the international community (Western donors, IMF, World Bank, United Nations) seeks to inject rocket jet fuel (grand initiatives). Other multilateral financial institutions and donor agencies trip over themselves to offer aid and conflicting advice. Initially, they preoccupied themselves with removing obstacles to development by building highways, bridges, dams, and schools to improve literacy rates, and sinking bore holes for drinking water, for example—a pointless exercise since the state vehicle had broken down.

Subsequently, in the 1990s, they shifted their focus to fixing various parts of the state: structural adjustment (economic reform) and democratization. But what the World Bank and the IMF failed to understand was that Africa's state vehicle needed a *complete overhaul*, not just piecemeal fixes. And more importantly, the cockroach at the helm—upon whom the external agencies relied—wouldn't implement the genuine reform needed to move the country or the economy forward. The entire situation can be described as the blind leading the clueless.

Even then, the vampire state vehicle and the coconut republic would eventually implode. Groups excluded from the gravy train would rise up in an insurgency to overthrow the ruling bandits, sucking the country into a vortex of carnage and mayhem, erasing the economic gains that may have been made. Burundi, Ivory Coast, Liberia, Rwanda, Sierra Leone, Somalia, and Zaire would all have been saved if their military despots, most of whom are dead anyway, had been willing to relinquish or share political power and give their people a better shake.

In summary, Africa's developmobile is going nowhere fast because of institutional breakdown (dysfunctional systems) and the megalomaniac drivers who have "gone bonkers." Their development priorities are oriented toward self-aggrandizement and self-perpetuation in power. It is an African tragedy because no nation can develop when it is ruled by a phalanx of rabid bandits who stay in office forever. As George Soros, the billionaire financier, observed succinctly: "The main cause of misery and poverty in the world is bad government" (*The Wall Street Journal*, March 14, 2002; B1). He should have said bad governance. Recall that good governance is to a government what good working condition is to a vehicle. This state-mobile is going nowhere.

The Reform Imperative

Recall that the development scenario is: bad driver, bad vehicle, bad roads, bad strategy and angry passengers. A furious debate continues to rage over which problem to address first; in other words, the sequence of steps or reform. Should the bad roads be fixed first or the bad vehicle?

In the 1970s and '80s, foreign donors and multilateral financial institutions focused on fixing the bad roads with big infrastructure projects. Little attention was paid to the bad vehicle and the bad driver. That sequence did not serve Africa well. In the late 1980s, the focus shifted to fixing the vehicle through Structural Adjustment Programs or economic reform. And after the collapse of the former Soviet Union in 1989, changing the bad driver was added as a political conditionality.

But as we saw in Chapter 7, reform is anathema to the ruling vampire elites because they profit from

the rotten status quo. Their chicanery and deception know no bounds. Failed despots prevent institutions from being reformed because that would strip them of power and expose their crimes. So when pressured, they only undertake phony or cosmetic reforms to placate Western donors—acrobatic maneuvers Africans dismiss as "Babangida Boogie," one step forward, two steps back, a sidekick, and a flip to land on a fat Swiss Bank account. As we saw in Chapter 6, when the leader is asked to cut government spending, he will set up a Ministry of Less Government Spending. When asked to combat corruption, the Moi regime in Kenya set up a Commission of Enquiry in 2000 to satisfy IMF demands and then passed a law to declare that same commission unconstitutional. Progress on corruption began to be made when the Moi regime was tossed out, but then the new Kibaki regime began stalling, prompting violent demonstrations on July 7, 2004.

Even when they accepted reform, the leaders would implement only the type that benefited them and their cronies (crony capitalism). To ensure their political survival, some African despots suddenly changed their tune, donned reformist garb, and became democracy converts. But their brutal past misdeeds stripped them of any credibility to advance a reformist agenda as the populace became suspicious of their intentions and frustrated their moves.

In Ghana in the 1990s, President Rawlings—having attacked markets as dens of profiteers and blown them up—had no credibility to be preaching market reform or democracy after denouncing and jailing pro-democracy activists, and even killing some of them. And it is particularly annoying when Isabel dos Santos, the daughter of Angola's President Eduardo dos Santos, who had been preaching socialism, suddenly emerged as Africa's richest woman in 2014 with the personal fortune of $3.4 billion as we saw in Chapter 7. Such crackpot capitalists should be tossed out of office (political reform) and thrown into jail, not coddled inside the corridors of power. They must spend enormous time overcoming their own resistance and doubts about the market economy; there's little chance they will be convincing socialists and Marxists about the efficiency of markets.

Thus, only new leaders would have the credibility and the clean hands to carry out tough but necessary reforms. Sustainable, long-term development for Africa—or the blueprint for Africa's prosperity—entails a four-step reform process:

1. Changing the Driver

The first step involves "changing the driver"—replacing the corrupt, incompetent sit-tight "life-presidents" with more capable leaders. Some of these leaders have been at the helm for ten, twenty, and even thirty years and have grown ossified and run out of new ideas. The classic example is ninety-one-year-old Robert Mugabe of Zimbabwe, who in 2015—thirty-five years after independence—kept chanting the same old rants about colonialism and imperialism; never mind that Zimbabwe's youth, thirty years old and under, did not relate to that useless chant and were thoroughly fed up with it. This is why democracy is important. Democracy itself does not guarantee economic prosperity; it only ensures that bad economic policies are not repeated by offering a peaceful means of changing failed leaders through the ballot box. Violent means of changing the driver—for example, through military coups or chaotic bloody revolutions—engender political instability. And a rebel insurgency could degenerate into destructive civil war; for example, Liberia in 1990, Somalia in 1991, Rwanda in 1994, Libya in 2011, to name a few.

But democracy cannot be imposed from the outside or stage-managed through a series of crass or coconut elections by the incumbent. It must be nurtured internally, which requires freedom of speech, of expression, of the media, of assembly, and of association. In short, there must be intellectual freedom for the people themselves to determine what kind of constitution, political system, and checks and balances they would like to have. Clearly, it makes no sense whatsoever to have the cockroach design a constitution and political system to his liking. Such was the case in many African countries such as Ghana, Kenya, Malawi, and Nigeria.

In the case of Nigeria, the military regime of Abdusalam Abubakar prepared two constitutions in private. Which one would be released depended on who would win the March 1999 elections. In other words, Nigerians voting for a democratic system didn't know anything about the constitution; nor could they ask questions. And what type of coconut democracy emerged? The answer was supplied by Rev. Matthew Hassan Kuka, a member of the Oputa Commission set up to investigate past human rights abuses

> You have a president who is a retired military man, a director of national security who is a retired military man, a defense minister who is a retired military man and a director of the State Security Service (SSS) or national intelligence, who is an ex-military man. Apart from the

> president and all the key office-holders in the land being of military background, we don't have enough elbow room to begin to talk about subordinating this system to civilian control. (*The Washington Times*, November 1, 2001; A18)

More egregious was the case in Ghana, where the chairman of the experts who wrote Ghana's 1992 constitution, Profesor S. K. B. Asante, himself admitted that it was written according to the liking of Ghana's military dictator, Flight-Lieutenant Jerry Rawlings. No input or comments were tolerated from the people. In fact, human excreta was dumped into the offices of newspapers—such as *The Free Press*, *The Ghanaian Chronicle*, and the *Crusading Guide*—that were critical of the constitution as well as government bodies. Needless to say, Ghana ended up with a political system with enormous powers concentrated in the hands of the president and with absolutely no checks and balances. For example, President Rawlings appointed

- The Supreme Court justices,
- The Speaker of Parliament,
- The governor of the central bank,
- The inspector general of police,
- The chairman of the Media Commission,
- Twelve of the twenty-five-member Council of State, which advises the president, and
- 33 percent of District Assembly members, a local government initiated to effect decentralization of power.

The heads of institutions designed to check the arbitrary use of power by the president are appointed by the president. Such grotesque conflict of interest is elementary, my dear Watson. Whoever designed such a constitution must have had their brains eaten by insects. Such a political system has no checks and balances, none whatsoever.

Even more astonishing, Western donors and financial institutions—the so-called paragons of democracy—accepted this contumely and resumed aid to Ghana in 1993. So who arrests a bandit president when he appoints the Supreme Court justices, the Speaker of Parliament, the governor of the central bank, and the inspector general of police?

The absurdity—no, the stupidity—of this conflict of interests was demonstrated eloquently, as we shall soon see in Zimbabwe, where the governor of the Reserve Bank appointed by President Mugabe printed so much money to finance his deficits that it destroyed the currency in 2009.

In 2006, the head of Angola's external intelligence service, General Fernando Miala, alleged that $2 billion of Chinese money intended for infrastructure projects had disappeared (*The Economist*, August 13, 2011). The general was promptly sacked, tried, and imprisoned.

As readers will recall, in Nigeria, when the governor of the central bank, Lamidu Sanusi (appointed by the president), told the president that $20 billion in oil money was missing, it was he, the governor, whom the president sacked! This act took coconut antics to new heights of lunacy and reinforced the earlier statement: "Corruption is everywhere—in the villages, wherever," which Zambia's Lands Minister Gladys Nyirango acknowledged at a major conference on graft in Africa. Hours later she was sacked. (*Sapa-AFP*, March 4, 2007). The same fate befell Attorney General Martin Amidu of Ghana. When he acknowledged that a businessman named Alfred Woyome should not have been paid $31 million in fraudulent charges, it was he, Amidu, who was sacked.

Wait—it got better in Ghana. Finally, the ruling elites came to their senses and realized that the constitution gave the president too much power and needed to be fixed. A Constitutional Review Commission was set up in 2010 and spent two years gathering information, rewriting certain parts of the constitution, and then submitted their recommendations—get this—to the powerful president in 2012 to approve! Imagine a situation where your house has been burgled many times, and you come up with a plan to make it burglar-proof. Then you give the plan to the same burglar who had repeatedly broken into your house in the past—to approve it!

As we shall argue below, if the people of a country have been oppressed and abused, one writes a new constitution by assuming that the new president will be a monster and then proceeds to put in place the checks needed to clip his claws. Obviously, it would be the height of absurdity to assume that he will be a messiah and shower him with powers upon powers. Tragically, this is how new constitutions are written in Africa, creating more and more powerful presidents—despite terrible records with dictators in the past.

2. Fixing the Vehicle

The second step requires fixing the ship of state that is kaput. Reform requires constitutional and institutional reforms. A constitution which concentrates a great deal of power in the hands of one buffoon—who bans opposition parties and declares himself president for

life—should be shredded. Power needs to be decentralized and ***the politics of exclusion*** replaced by the politics of inclusion. The elites should seek their wealth in the private sector. Government does not produce wealth; it only redistributes it. This does not mean government has no role to play in development and should be abolished, although some ethnic groups took this extreme and radical view. They dispensed with the state altogether and are now called stateless societies. Examples include the Igbo, Somali, and the Gikuyu.

When Thomas Jefferson, one of America's Founding Fathers, made the statement in a letter to Edward Carrington in 1787 that people who live without government enjoy infinitely greater degrees of freedom and happiness, he was probably referring to stateless societies, which Bayart (1989) described as "the most distinctive contribution of Africa to human history has been precisely in the civilized art of living reasonably peacefully without a state" (p. 58).

The Role of the Modern African State in Development

"In Kenya, people who do not have the courage to risk their money, the discipline to deny themselves in order to save, or the capacity for hard work, have created a culture that criminalzes enterprise and investment. . . . If you are successful, you must have stolen. Yes, the country is awash with thieves. But they are not rich or successful. They are merely experiencing a temporary abundance of cash."

—Mutuma Mathiu (*Daily Nation*, August 20, 2015)

However, the modern state has a role to play in development. The first area where the African state can play a useful role is by encouraging ***entrepreneurship***. As was made abundantly clear in Chapter 4, entrepreneurship is not alien to Africa. Countless examples were given of farmers, textile manufacturers, market traders, sculptors, and long-distance traders, to name a few. In Chapter 9, we profile a few of them, called the Cheetah Generation. African governments should encourage these entrepreneurs, rather than persecute them with onerous regulations and taxes.

The second area is by establishing an "enabling environment." The six requirements for such an environment are discussed below. People must feel safe in order to go about their economic activities, and their property rights must be respected, too.

Equally important is the state of the physical infrastructure: roads, bridges, telephones, ports, utilities, and educational facilities. Raw materials must be purchased for the production process, and finished goods must be shipped to market. Reliable supplies of water and electricity, as well as a good network of roads and a stable communication system, are all vital for economic activity. But as we noted, postcolonial African governments did not establish an enabling environment for productive economic activity. Because they took on so many tasks, they performed none of them well. They had their fingers in every conceivable pot, as Africans would say. Obviously, it is far better for the government to take on few tasks and do them well rather than assume an enormous amount of tasks and do none well. What tasks can the government efficiently handle?

According to the World Bank (1989):

> The state has an indispensable role in creating a favorable economic environment. This should, in fact, be its primary concern. It is of utmost importance for the state to establish a predictable and honest administration of the regulatory framework, to assure law and order, and to foster a stable, objective, and transparent judicial system. In addition, it should provide reliable and efficient infrastructure and social and information services—all preconditions for the efficiency of productive enterprises, whether private or state-owned. (p. 55)

Providing an enabling environment alone is not enough. The second aspect of the role of government in development concerns how the government conducts its own affairs. As the World Bank (1989) put it:

> Africa needs not just less government but better—government that concentrates its efforts less on direct interventions and more on enabling others to be productive. Every level of government should take measures to improve the performance of public administrations and parastatal enterprises. Institution-building is a long-term endeavor that requires a clear vision and a specific agenda. Special attention needs to be given to strengthening the policy analysis and economic management capabilities of governments.
>
> Ultimately, better governance requires political renewal. This means a concerted attack on corruption from the highest to the lowest levels. This can be done by setting a good example, by strengthening accountability, by encouraging public debate, and by nurturing a free press. It also means empowering women and the poor by fostering grassroots and non-governmental organizations (NGOs), such as farmers' associations, co-operatives, and women's groups. (p. 6)

Radical Africanists, who object to these suggestions as "strictures from an imperialist institution" (the World

Bank), should look at the role of the government in their own indigenous economies. The main functions of traditional African governments were:

- Defense against external aggression,
- Maintenance of law and order,
- The promotion of justice and social harmony within the kingdom, and
- The promotion of trade and commerce.[35]

The role of the indigenous government in the economy was very limited for pragmatic, not ideological, reasons. In fact, "The chief function of the Ashanti administration was to ensure harmony in the society rather than to provide services requiring expenditure" (Busia 1967, 78). Within the context of these objectives, trade assumed primacy in peacetime.

One of the traditional roles of the African chief was to create a peaceful atmosphere for his people to engage in trade—the creation of an enabling environment. Even in agriculture, it was not the role of the indigenous government to interfere or dictate what crops the peasants should raise. What a peasant farmer cultivated was his own individual decision to make. The role of the chief in agriculture was to ensure that access to land was not denied to anybody, even strangers. Supervision or regulation of access did not constitute control over production.

Group of African men and women talking together

Across much of traditional Africa, "there was no direct interference with production" (Wickins 1981, 230). Such interference would have been in direct and obvious antipathy to African philosophy. This philosophy held that the individual was part of a community whose interests were antecedent. Within the community, the individual was completely free to pursue any vocation he so wished. The tenet of African law which maintained that any harmful action against another individual was a threat to the whole society was applicable to the realm of economics.

A restriction on the economic activity of an individual could place severe restraints on the economic welfare of the whole village or community. If the individual prospered, so too did his extended family and the community. The individual could prosper so long as his prosperity did not conflict with or harm the interests of the community. In such a clash, the community's interests were paramount. To the extent that such conflicts did not arise, the chief had no traditional authority or business interfering with an individual's pursuit of prosperity. Ultimately, the individual was answerable to his family and ancestors, not the chief, who merely acted as the intermediary between the living and the departed. The individual cannot blame the chief for his poverty or misery. This was a well-nigh universal African belief.

With trade, the historical evidence does not suggest obtrusive government interference, either. It hardly made sense for the chiefs to prevent their own subjects from engaging in trade. Traders were free enterprisers, taking the risks themselves. In fact, chiefs encouraged their people to engage in trade. Tribal government enterprises, the equivalent of state-owned enterprises, were not common in indigenous Africa.

Rather than act as the initiator or entrepreneur, the state should be a facilitator and empower others to initiate development. It is difficult to prescribe how much economic and political power the state should have, since there is no one single political-cum-economic system that assures stability, freedom, and security. The fact that the American system works well for Americans does not mean every African country must copy it.

In every constitution, there is a cultural imprint and historical experience. The American democratic system has evolved through the centuries and reflects American cultural attributes and idiosyncrasies. But democracy, as an institution, can take different forms: American-style (or representative) democracy, European-style (parliamentary) democracy, and African-style (participatory or consensual) democracy. Similarly, capitalism, as an economic institution, can take different forms. As such, Africa must evolve or devise its own constitution and system, based upon its cultural heritage, experience, and aspirations. What this system should ultimately be is for the African people themselves to determine; it is not for this author or any African head of state to impose upon them.

In addition, the control of key state institutions must be wrestled from the ruling elites and reformed so that transparency, accountability, and professionalism can be established. This would require attending to the systemic breakdown by fixing malfunctioning institutions. These seven institutions are imperative:

- **Legislative parliament**, a functioning body that is attuned to its functions, exercising real oversight on the executive and not just serving as a rubber-stamp parliament.
- An **independent central bank**: to assure monetary and economic stability, as well as stanch capital flight out of Africa. If possible, governors of central banks in a region, say West Africa, may be rotated to achieve such independence.
- An **independent judiciary**—essential for the rule of law. Supreme Court judges may also be rotated within a region.
- A **free and independent media** to ensure free flow of information.
- An **independent electoral commission**.
- An **efficient and professional civil service**, which will deliver essential social services to the people on the basis of need and not on the basis of ethnicity or political affiliation.
- **Professional and neutral armed security force(s)**.

As we observed above, for each institution to work well, it must police itself to ensure that its officials abide by certain professional and ethical principles. It is absolutely important that the head of state should not be allowed to go anywhere near institutional reform because it involves a conflict of interest. For example, a society needs institutional checks and balances to rein in an autocratic president and ruling elites. Obviously, one cannot ask the president to oversee the reform of an institution that will check his own arbitrary use of power. These institutions must be established by civil society or various commissions. For example, the electoral commissioner may be appointed by the Electoral Commission, and similarly the inspector general of police (IGP) appointed by the Police Commission, not the president. As we shall shortly see, the establishment of these independent institutions would solve the vast majority of Africa's woes.

3. Cleaning Up the Environment

The third step entails "cleaning up the environment." Civil wars, armed banditry, corruption, capital flight, and military vandalism must end. Infrastructure must be repaired to ensure reliable supplies of social amenities such as clean running water, electricity, phone service, health care, and education. The rule of law must be enforced. Elections must be free, fair, and open. Meritocracy must be upheld in the civil service.

Meaningful development cannot occur in a country engulfed by civil war. No one would invest in such a country, except perhaps arms merchants. And it makes no sense to supply foreign aid to build roads, schools, hospitals, and bridges only to have them blown up by rebel insurgents. Nor does it make sense to invest in a country where lawlessness and open plunder of the treasury are the hallmarks of the ruling bandits. These factors are all internal and are all highly interdependent.

Furthermore, they are symptoms of more fundamental diseases or dysfunctional institutions. Treating the symptoms without attacking the root causes is an exercise in futility. For example, overheating in a vehicle is the result of the cooling system malfunctioning. That could be due to a broken water pump, a radiator leak, a loose or broken fan belt. Constantly pouring water into the radiator solves the problem only temporarily. Similarly, lawlessness and banditry mean that the security forces are derelict in the performance of their duties and the judiciary cannot uphold the rule of law. It may be recalled that the requirements for an enabling environment are the following:

- Security of persons and property;
- System of incentives that rewards hard work;
- Rule of law;
- Basic functioning infrastructure;
- Stability: macroeconomic, political, and social;
- Basic freedoms: intellectual, political, and economic.

The absence of these features in an environment means that there are some corresponding institutions that are not performing their functions. For example, the lack of security of persons and property means that the security agencies and the court system are dysfunctional. Thus, fixing the bad vehicle or ship of state, which requires institutional reform, will also help towards establishing an enabling environment.

A functioning parliament

In a normal democracy, parliament is more powerful than the executive branch. Parliament is the lawmaking body; the executive alone cannot make laws. It is

this parliament that normally guards the public's purse strings like a bulldog. It exercises oversight on government spending and can cut off funds to the government in cases of financial misfeasance. Unfortunately, in many African countries, parliament has been made subservient to the executive. Recall the case in Ghana where the Speaker of Parliament is appointed by the president. As a result, Parliament completely shirks these responsibilities and becomes a rubber stamp, approving reckless and extravagant spending sprees by the government. Also recall the November 24, 2014, statement by Olusegun Obasanjo, former president of Nigeria, that the country's National Assembly is a den of thieves and looters (*Premiere Times*, November 24, 2014). Similar descriptions fit parliaments in other countries, such as Angola, Ghana, Kenya, Zimbabwe, and others.

Clearly, a well-functioning parliament would check out-of-control government spending, render government ministers and officials accountable, and even remove the president if he were corrupt or despotic.

An independent central bank

An independent central bank would help ensure monetary and *macroeconomic stability*. In many African countries, with the exception of Francophone Africa, the governor of the Central Bank is under the thumb of the president, printing whatever money the government needs to finance its outlandish expenditures. Gideon Gono, of the Reserve Bank of Zimbabwe, was so accommodating that he destroyed Zimbabwe's currency. It collapsed in February 2009 when inflation rate hit 6.5 quindecillion novemdecillion percent—65 followed by 107 zeros. And in February 2014, when Lamido Sanusi, the governor of the Central Bank of Nigeria, wrote the president accusing the Nigerian National Petroleum Corporation (NNPC) of not remitting $49.8 billion (about three times the nation's annual budget) to the Federation Account, remember it was he, the governor, who was sacked for "financial recklessness and misconduct" (*The Vanguard*, February 14, 2014).

An independent central bank will put an end to this kind of tomfoolery. If an independent central bank cannot be established, then governors of central banks may be rotated within a region, with instructions not to expand the money supply beyond 5 percent per annum. Or better yet, a currency board may be established for the various regions—for example, a West African currency board like the one which operated during the colonial era.

An independent judiciary

This is essential to enforce *the rule of law*. Corruption is rampant in Africa, and leaders commit crimes with impunity in Ethiopia, Eritrea, Kenya, Sudan, and Zimbabwe, among others. Between 1970 and 2004, more than $450 billion in oil revenue flowed into Nigerian government coffers. According to Mallam Nuhu Ribadu, former chairman of the Economic and Financial Crimes Commission (EFCC), the country's kamikaze military bandits stole $412 billion of that (Telegraph, June 25, 2005). Nigeria set up yet another commission to fight corruption, the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and established at Osun State University an Anti-Corruption Academy of Nigeria, a research and training center.[36]

The rule of law is also essential for businesses, because it can give assurance to investors that their commercial properties would not be arbitrarily seized and their contracts obligated. And even if such should occur, they could seek full remedy from an impartial judiciary.

A free and independent media

The first step in solving a society's problem is to expose it. Recall the Ethiopian proverb: "He who conceals his disease cannot expect to be cured." Many of Africa's problems have remained unsolved because they are not exposed, which is the business of the media. But according to New York-based Freedom House, of Africa's fifty-four countries, only seven had a free press in 2013. Of the twenty countries throughout the world where the press is most shackled, eight are in Africa: Algeria, Burundi, Egypt, Equatorial Guinea, Libya, Somalia, Sudan, and Congo DR. Countries in the "not-free" category include Angola, Cameroon, Central African Republic, Chad, Eritrea, Guinea, Liberia, Mauritania, Rwanda, Sierra Leone, Swaziland, Togo, and Tunisia. Thus, the media in much of Africa is owned and controlled by the government, which conceal problems that may be embarrassing or incriminating against them. Corruption is one perfect example.

An independent and free media is also essential to ensure transparency. For example, if a government official makes a statement that is not true, a free media would be able to call him on that. In addition, a free and independent media is needed for the people to present, debate, and share solutions to problems and must not be restricted to those dictated by the government.

An independent electoral commission

This is crucial to ensure *free, fair,* and *transparent elections.* The destruction of many African countries always begins with a dispute over the electoral process. Elections are often marred by political violence and killings: Ethiopia (May 2005), Zimbabwe (March 2007), and Kenya (December 2007).

Institutional reform would not only enhance governance but also help create the enabling environment Africa desperately needs to attract investment. When US President Barack Obama addressed Ghana's Parliament in July 2009, he remarked that, "Africa doesn't need strongmen; it needs strong institutions." Recall the statement by Ghana's MP Kenneth Agyapong in November 2014 that "every institution in the country is corrupt."

An efficient civil service

This is essential for the *delivery of basic social services* and *a functioning infrastructure*. The public sector in Africa is a huge bloated bureaucracy replete with stifling red tape, long delays in obtaining permits, disappearing files unless bribes are given, absenteeism, administrative ineptitude, graft and corruption, inability to deliver basic social services, etc. The number of ministers and deputy ministers in Ghana is ninety-seven. Kenya has seventy-four and Zimbabwe, seventy-two. Kenya's MPs are paid more than the United States's presidential salary of $400,000 a year. A Nigerian Senator takes home a cool $2 million in salary, allowances, and emoluments. Nigerian lawmakers are the highest paid in the world (*Vanguard*, August 25, 2013).[37]

Meanwhile, access to basic social services—healthcare, electricity, clean water, sanitation, roads, telecommunication, and education—is a challenge in many African countries.

Professional and neutral security forces

This is important to ensure *security of persons and property*. Africans live in fear of soldiers and the police. Protestors are routinely gunned down—Guinea, Ethiopia, Mozambique, among others. The military has now become the most discredited institution in West Africa—and indeed all of Africa.

Each year, Africa spends over $45 billion a year maintaining its military, importing weapons, and housing and paying soldiers, etc. That amount is about the same as Africa receives in foreign aid. The basic function of the military is to defend the territorial integrity of a nation against external aggression and protect its people. But in Africa, this function has been turned completely on its head. Often, the military is at war with the people. Lines of functions have become worryingly blurred and soldiers are everywhere. Though a violation of the military code, they intervene in politics and run businesses. In Egypt, they control nearly a third of the economy. The record of military rule in Africa will be discussed in greater detail in Appendix 1.

4. Devising a New Development Strategy

Once the previous three steps have been taken, the fourth step requires laying down a *development strategy* to get from point A (state of underdevelopment) to point B (developed state) faster. Admittedly, each African country is "different" and one size or strategy may not fit all. But there are enough commonalities to delineate what should not be done. It should be obvious that the appropriate development strategy should not be the failed state-led "import-substitution" industrialization strategy of the 1960s. It should be market-based and private sector-driven. This new development strategy will be discussed in more detail in the next chapter. However, before that, it is important to discuss the sequence of reform.

Changing the driver means political reform and fixing the vehicle means institutional reform. But there are other types of reform as well. First, there must be intellectual reform to permit freedom of expression, free media, freedom of thought, etc. Then there must be economic reform to establish free markets, free enterprise, free trade, etc. The crucial question is which reform should be tackled first? Should the driver (political reform) be changed before fixing the vehicle (institutional reform) or vice versa?

Clearly, it makes no sense to install a new radio when the battery is dead. Nor does one install a brand-new carburetor when the vehicle won't start. This situation is precarious or dangerous as this vehicle will never make it to Destination B (developed state). If the driver doesn't see it, he needs to be told (freedom of expression). In 2015, the "drivers" in Burundi, Rwanda, and Uganda never saw anything wrong and insisted on running for third terms, which was unconstitutional.

"In Zimbabwe, if you question a wrong or criticize an injustice, you are labeled a member of the opposition Movement for Democratic Change (MDC). Since the regime rabidly calls the opposition puppets of the West, that label can have dire consequences" (*Washington Post*, June 29, 2008; B1). The quote came from a Zimbabwean writer whose name was withheld by the Post for safety reasons.

After restoring freedom of expression, the next step is to get rid of the cockroach at the wheel. (He should probably be tried and shot for reckless endangerment of the lives of the passengers!) Next, constitutional reform should determine who should be the driver and who should sit on top of the vehicle. Then, excess baggage needs to be trimmed off, which would right the tilted vehicle. This would be institutional reform to trim the over-bloated bureaucracy, and get ghost workers and patronage junkies off government payroll.

Asking a bad driver to fix a bad vehicle defies logic. No dictator is going to commit suicide by establishing an independent judiciary or electoral commission that will indict him for flouting the rule of law or cause him to lose an election. It should be obvious that asked or pressured to reform the judiciary, a dictator will engage in window-dressing and still pack the judiciary with his cronies. Should the driver be changed (political reform) before fixing the vehicle (institutional reform) or vice versa? As we shall see below, Africa's experience shows that only the autocrat was changed and the other steps botched or not attempted at all. Furthermore, dictators cannot be trusted to implement genuine institutional and economic reform.

The Sequence of Reform

Reform is required in many areas and may be categorized as the following;

- **Intellectual reform**–to permit freedom of expression, of the media, of thought,
- **Political reform**–to permit formation of opposition parties, free and fair elections, freedom of assembly,
- **Constitutional reform**–to limit the powers of the executive and to re-define the structure of the state,
- **Institutional reform**–the establishment of a functioning parliament, an independent judiciary, independent media, independent electoral commission, independent central bank, efficient civil service, neutral and professional armed security forces, and
- **Economic reform**–to permit private enterprise and market-oriented economy.

We believe that reform should follow the sequence specified above, beginning with intellectual reform. We now discuss this sequence in detail.

The Case for Intellectual Freedom

We believe that the ideal sequence should start with *intellectual reform*, then *political, constitutional, institutional*, and finally *economic reform*. The case for freedom or reform must be made by the people themselves. Reform that is internally generated is far more sustainable than reform that is imposed from without. Internally generated reform is owned by the people, enabling them to become stakeholders in the reform process. Thus, they must be free to express their views about the state of the economy and the affairs of the state. If the people are dissatisfied with the affairs of the state, they should be able to say so, throw the rats out of office, and devise a political system that suits their needs and aspirations—*political reform*. With a newly elected political leadership and team in place, then the flawed constitution, dysfunctional institutions, and broken economic system can be fixed.

Intellectual freedom is also required for market processes and activity. An efficient market economy requires free flow of information, guarantee of property rights, and the rule of law to enforce contracts. Regarding the climate for foreign investment, *The Economist* wrote,

> Cuba woos foreign investors for the expertise, jobs and currency they bring, but treats them shabbily. Under a supposedly friendly new law, they must still recruit workers through state agencies, to which they pay hard currency; the agencies then pay out miserly salaries in pesos. Imported inputs pass through bureaucratic state-run enterprises. Worst of all, legal codes are vague and their application is arbitrary. In recent years several foreign businessmen have been imprisoned (and later released) with little explanation. (*The Economist*, May 16, 2015; 10)

How do foreign investors complain about arbitrary detention without freedom of expression? A free flow of information is critical not only for economic actors in a free market to be able to make sound investment decisions, but it is also essential for sound economic management. The latter is hardly possible in a viciously repressive environment in which freedom of expression is not tolerated and editors are routinely harassed by a state that refuses to obey its own laws.

A free and private press is an effective antidote for corruption and economic mismanagement. Property rights ensure that the government cannot arbitrarily seize what one has toiled to create. And if a contract is signed with the government, it can be enforced. To assure free flow of information, respect for property

rights and the rule of law require the following institutions: an independent and free media and an independent judiciary, which hardly exist in many African countries. The political structure itself may have to be reformed (constitutional reform). But significant reform can be achieved more readily under a new leader with political reform and re-invigorated civil society that enjoys freedom of expression, freedom of association, and freedom of assembly. To determine what type of political system or leader is suitable for them, or what type of constitution would be suitable, the people need the freedom of expression and a free media to discuss these issues. Hence the sequence: ***intellectual*** reform, ***political reform, constitutional and institutional reform***, and then ***economic reform***.

Cuba's leaders, like the Chinese, are terrified of political reform. As *The Economis*t noted,

> For many of the revolution's ageing leaders reform and privatisation are *yanqui*-inspired dirty words. The regime looks to China and Vietnam, where communist governments have embraced capitalism without yielding power. The Cuban communists are wary: they fear that, if they give up too much economic control, they will be obliterated just like the communists of Eastern Europe. Yet the bigger risk would be merely to tinker with a system that keeps Cubans poor at a time when their aspirations are rising. (ibid.)

The Case for Political Freedom

In many developing countries, the political and economic systems are inseparable. The tyrant that wields maximum political power is the same scoundrel who wields the enormous economic power to allocate resources. Although most analysts now affirm that economic and political reform must go hand in hand, they do not address where the institutional and intellectual systems should be placed in the sequence or where to begin.

Economic development cannot occur in an institutional vacuum or an environment devoid of law, property rights, and legitimate government. Hence, economic reform cannot be implemented in an African country where a civil war or strife is raging. Most of Africa's civil wars are really conflicts over yet-unresolved political issues pertaining to the right of participation in the decision-making process, a secessionist endeavor, or an effort to remove a despotic regime from power. Further, it is always a dispute over some aspect of the electoral process—blockage, manipulation, subversion, and annulment—that triggers civil war and strife. Clearly, the economies of Algeria, Angola, Burundi, Liberia, Nigeria, Rwanda, Somalia, Sudan, and DR Congo cannot be meaningfully reformed until the political question has been settled.

Though the institution of democracy may not necessarily rescue the economy of an African country, it makes all the difference whether the country—and therefore, the economy—exists or not. If a mechanism for peaceful transfer of political power does not exist, the country eventually implodes, wiping out any gains achieved through economic reform. Witness Ivory Coast. Said Adebayo Adedeji, former secretary-general of the United Nations' Economic Commission on Africa stated, "People will never comprehend Africa's crisis so long as they continue to assume that it is an economic one. What we confront in Africa is primarily a political crisis, albeit with devastating economic consequences" (*The Economist*, September 7, 1996; Survey, 4).

Africa's experience suggests that economic reform under dictatorships is generally not sustainable. In the postcolonial era, no dictator—military or civilian—has brought lasting prosperity to any African country. And there is no such thing as a benevolent dictator. The only good dictator is a dead one. An econometric study by Yi Feng (1996) concluded that: "political institutions affect economic growth significantly and it is crucial to identify the political determinants of economic performance so that appropriate political environments can be created to facilitate growth" (95). He continued that economic difficulties may create problems for new democracies but a reversal of the democratization process can worsen, rather than solve, economic problems because authoritarianism has shown to lead to lower instead of higher growth (Feng 1996, 98).

It is important to explore this issue—the sequence of reform—at length. Ousted Chinese Prime Minister Zhao Ziyang made a remarkable statement in June 1989 following the brutal crackdown on student demonstrations in Tiananmen Square:

> For years, I've been a bold activist in economic reform but cautious in the area of political reform; I used to call myself "a reformer in economics and a conservative in politics." But my thinking has changed in recent years. I now feel that political reform has to be a priority; if it is not made a priority, then not only will economic problems get harder to handle, but all sorts of social and political problems will only get worse. (In *Tinanmen Papers* cited in *The Wall Street Journal*, January 10, 2001; A22)

A decade later, another Chinese premier made the same statement. In August 2010, speaking in Shenzhen, the Chinese city that pioneered many economic changes, he said in a speech carried by the Communist Party's flagship daily, *People's Daily*: "Without the guarantee of political system reform, the successes of restructuring the economic system will be lost and the goal of modernization cannot be realized" (*The New York Times*, September 29, 2010; A14). But as we shall see shortly, the priority should be *intellectual freedom*.

The African continent is characterized by dictatorships or weak authoritarian regimes that maintain their authority through personalistic patron–client relations. These relationships are prone to sudden and erratic changes, which produce political instability. This instability impedes the correction of structural economic imbalances.

This was the case in Asia, where the World Bank, in a September 1998 report, observed that the Asian financial crisis had become so serious that it threatened to unravel decades of economic gains by tens of millions of people in region. The Bank's report painted a grim picture of the recessions plaguing countries from South Korea to the Solomon Islands. Between 1975 and 1995, dramatic economic development lifted some 370 million people out of poverty. But the crisis pushed many of them back across the line.

"The Asian miracle is an accomplishment that in all likelihood will withstand even the gale force of this crisis, but there is no question that for tens of millions life will be much worse over the next few years," wrote Jean-Michel Severino, the Bank's vice-president for East Asia and the Pacific (*The Wall Street Journal*, September 30, 1998; A15).

The Bank's own independent Operations Evaluation Department wrote scathingly of its aid programs to Indonesia. It concluded that Bank officials overlooked warning signs of Indonesia's financial crisis because they were blinded by the rapid growth the country achieved during Suharto's thirty-three-year reign.

"While the government's development strategy has had remarkably positive results, issues of poor governance, social stress and a weak financial sector were not addressed and contributed to the depth of the crisis," the authors wrote, who also blamed their bank colleagues for allowing "the enthusiasm associated with rapid growth to create a halo effect for the Suharto regime" (*Washington Post*, February 12, 1999; A10).

The same view had earlier been expressed by South Korea's President Kim Dae Jung in an interview:

> Many of the leaders of Asian society have been saying that military dictatorship was the way and democracy was not good for their nations. They concentrated only on economic development and building a government around a strong leader who controls economic policy. I believe that the fundamental cause of the financial crisis, including here in Korea, is because of placing economic development ahead of democracy. . . . If we had true democracy in Korea, then the collusive intimacy between business and government and corruption would not have been as great here. And the wealth would not have been allocated to only a few people. Usually the dictatorship or authoritarian style of government lies to the people. (*Washington Post*, January 9, 1998; A1)

The spasm of violence ignited by a peaceful Indonesian student revolt against President Suharto (in power for thirty-two years) in May 1998 degenerated into a wave of rioting and looting that was brutally repressed by government troops. Jim Hoagland, an American columnist, wrote:

> This explosive conflict drives a final nail into the coffin of the "Asian values" theories advanced by some Asian politicians to justify authoritarian rule and the denial of the concept of universal human rights and freedoms. (*Washington Post*, May 17, 1998; C9)

Indonesian writer Pramoedya Ananta Toer was quite explicit in this interview:

> Americans look at Indonesia in economic terms. This is why the focus over the past was only on economic reforms for the IMF. Until Suharto's resignation, there was almost a complete silence about the need for political change in our society. Americans tend to make a separation between economic information and cultural values. Rarely do they see that the two are interconnected and inseparable. To understand a country as complex as Indonesia, it helps to examine both. (*Washington Post*, June 7, 1998; C2)

American editor Karen Elliott House noted that the prime minister of Malaysia, Mahathir Mohamad, faced a dilemma. He succeeded in opening his resource-rich country to foreign investment, created economic opportunities for his people, and added Malaysia to the ranks of "Asian economic tigers. But the arrest and trial of his anointed successor, Deputy Prime Minister Anwar Ibrahim, have rent the ruling Malay power structure and put the political system itself—with all its patronage and cronyism—on trial for a Malaysian public no longer content simply to follow the leader" (*The Wall Street Journal*, November 17, 1998; A22). Thus, Prime Minister Mahathir found himself in much the same

position as other leaders, trying to hold in harness the twin horses of economic and political liberalization, whipping the former to a faster pace and holding tight reins on the latter. This was true for the Shah of Iran in the late 1970s, Soviet President Mikhail Gorbachev in the late 1990s, and Indonesian Suharto. In each case, the result was chaos and political turmoil. Expectant publics, tired of being politically patronized, became more demanding than appreciative, which unraveled any economic gains that had been made, Elliott noted.

Writing in *The New York Times* (May 28, 2000), David Sanger noted:

> The connection between the growth of market capitalism and the growth of some kind of democratic institutions is at best tenuous. Taiwan and South Korea are the success stories that everyone points to, places where the arrival of high technology, commercial legal systems and a gradual opening of the market was followed by an end to autocratic rule. But economists and political theorists have spent years arguing over the precise connections between freer markets and freer political systems and—no surprise—they can't agree on much. And for every success story there are exceptions like Singapore and Malaysia, which have managed to embrace free enterprise while maintaining strict one-party control. Or Russia, where political liberty has preceded the introduction of a real market economy.

Indeed, many of the African countries the World Bank restructured into "economic success stories" did finally hit the "political ceiling" and began to unravel: Cameroon, Ivory Coast, Ghana, The Gambia, Kenya, Malawi, Nigeria, Tanzania, Zaire, and Zimbabwe, as we shall shortly see. In 1989, Ivory Coast was declared a success story, but its fortunes began to sink after 1990 with the decline in world commodity prices and even further with political turmoil after the 1991 elections. It imploded in 2002.

Development under authoritarianism, which is the Asian Tiger Model, cannot work in Africa. The so-called development experts in the West should stop telling African governments to copy that model because the situations and conditions of the two continents are so vastly different.

First, the Asian Tigers have populations that are relatively more ethnically homogeneous than in Africa. Nigeria, for example, has more than 250 ethnic groups; DR Congo has more than 400. Economic prosperity that benefits one group is a recipe for political instability. Even Somalia, which is ethnically homogeneous, imploded into chaos.

Second, most of the Asian Tigers are insular, and those unwilling to bear authoritarian rule had nowhere to go but to grin and bear it—or become boat people. By contrast in Africa, borders are porous and those unwilling to live under authoritarian rule can always vote with their feet to go and settle somewhere else.

Third, several Asian Tigers—Hong Kong, Taiwan and Korea in particular—faced an external communist threat. As a result, their people were willing to accept curbs on their civil liberties to fight the external enemy. Africa has had no such enemy after the 1960s.

Fourth, because of the external communist threat, the Asian Tigers received vast amounts of Western aid, something Africa cannot count on.

Fifth, and more importantly, Africa needs to devise its own model. For far too long, it has copied so many foreign models. Name the foreign model and there is some vulgar replica somewhere in Africa.

Finally, no dictator has brought lasting prosperity to any African country in the postcolonial era. Those countries—such as Madagascar, Ivory Coast, Rwanda, etc.—that attempted development under authoritarian rule collapsed into civil war.

This author has been arguing since 1991 that the West had the sequence backward (see Ayittey 1992, chapter 13). He was thoroughly vindicated when President Barack Obama said this to Ghana's Parliament on July 11, 2009:

> Development depends on good governance. (Applause) That is the ingredient which has been missing in far too many places, for far too long. That's the change that can unlock Africa's potential. And that is a responsibility that can only be met by Africans. . . . No country is going to create wealth if its leaders exploit the economy to enrich themselves—(applause)—or if police can be bought off by drug traffickers. (Applause) No business wants to invest in a place where the government skims 20 percent off the top—(applause)—or the head of the Port Authority is corrupt. No person wants to live in a society where the rule of law gives way to the rule of brutality and bribery. (Applause) That is not democracy; that is tyranny, even if occasionally you sprinkle an election in there. And now is the time for that style of governance to end. (Applause) (https://tinyurl.com/y936tfmn)

That governance systems must be the first order of priority should be obvious, rather than pumping in more foreign aid and laying out the red carpet to attract

foreign investors. For Africans to meet that responsibility of improving governance, they obviously need to have the intellectual freedom to do so. How does one improve governance if one cannot say that the government is scamming the people and that officers at the Port Authority are demanding bribes?

Rwanda may be considered an exception, but even there the sequence of reform becomes more apparent. As *The Economist* noted,

> In many ways Paul Kagame, the Rwandan president, is one of the most successful leaders in modern African history. . . . Rwandans are healthier and better educated than ever. Business is booming, corruption minimal and foreign investors flock to the country. . . . And yet in one important respect he has failed. In history's judgment, leaders are only as good as the successors they groom. Mr. Kagame has sacked or chased away just about everyone around him who could take over. Some have fled the country and a few have died in mysterious circumstances; others went to prison. In Rwanda it feels inconceivable that anyone could replace Mr. Kagame, who last year said that dissidents plotting against the government would "pay the price wherever they are." . . . Rwanda's success has encouraged other violence-plagued nations to view it as a lodestar. Mr. Kagame's lesson is that tight political control is a key ingredient of development. At best that idea is open to abuse in the hands of less capable leaders. At worst it can lead people straight back to where they came from. (*The Economist*, March 28, 2015; 53)

Without reform to open up the political space, Rwanda may well see its economic gains disintegrate and return to the period that preceeded the 1994 genocide.

In August 2015, China found itself dealing with a similar dilemma when its meteoric economic performance hit a rough patch:

> Shortly before President Xi Jinping boarded a plane to attend a summit in Russia, his office issued an executive order: China's stock markets must go back up. . . . The massive state-backed share-buying that ensued propped up the markets briefly in mid-July, allowing Mr. Xi to showcase China's economic might at the summit with emerging-market leaders. In recent weeks, though, share prices have plunged again, taking global markets with them and triggering an international crisis of confidence in Mr. Xi's stewardship of the world's second-largest economy. . . . Mr. Xi will project an image of strength when he presides over a World War II Victory Day parade on Thursday featuring fighter jets, ballistic missiles and 12,000 troops—an event China hasn't marked in such a high-profile way before. Three weeks later, he heads to Washington for a state visit meant to convey China's parity with the US.
>
> Yet just as he stages these displays of power, political insiders and analysts say Mr. Xi—while still publicly popular in China—is looking more vulnerable than at any time since taking office in 2012. . . . His image as a bolder, more capable leader than his recent predecessors is being undermined by his botched handling of the stock market rout, a sudden devaluation of the *yuan*, an economic slowdown and a massive explosion at a toxic chemical warehouse. . . . The financial and economic woes, in particular, are feeding accusations among political insiders that Mr. Xi has concentrated too much power in his own hands and too much attention on political goals and international affairs, at the expense of the economy. "Xi is in control, no question about that," said a senior party official. "The flip side of that is, everybody kind of expects him to sign off on everything before any action is taken." (*The Wall Street Journal*, August 30, 2015; A8)

President Xi Jinping may rebuff calls for a diminution of his powers and on opening up of the political space, but that sounds like déjà vu. Since taking power in 2012, and outlining a "Chinese Dream" to rejuvenate the nation, Mr. Xi has established himself as China's most powerful leader in decades by stamping his control of the military and targeting senior figures in an anticorruption campaign (ibid.).

Constitutional Reform

In African countries, a new constitution will obviously be needed once political reform has occurred and the rat has been thrown out of office. The new constitution will have to clip the powers of the presidency, the executive, and establish some checks and balances between the legislature and the judiciary. In addition, it will have to restructure the state—from the unitary state to a federal or confederal in which there is much greater decentralization of power and devolution of authority. We take up these issues, as well as a reminder of needed institutional reform, in much greater detail below.

Institutional Reform

Recall that most of the human rights violations and poor governance emanate from the absence of the following key institutions:

- **A functioning legislative parliament** is attuned to its functions, exercising real oversight on the executive and not just serving as a rubber-stamp parliament.

- An **independent central bank** to assure monetary and economic stability, as well as stanch capital flight out of Africa. The World Bank, for example, should desist from dealing with African countries without an independent central bank. Failing that, governors of central banks in a region may be rotated to remove them from undue political or executive pressure.
- An **independent judiciary** is essential for the rule of law. Supreme Court judges in Africa, for example, may be rotated within a region.
- A **free and independent media** ensures free flow of information. Smart aid would privatize the state-owned media—especially the radio. It is the medium of the masses and has such power. Recall the critical role the media played in the collapse of the former Soviet Union.
- An **independent electoral commission** that is made up of representatives of all political parties, not just packed with government appointees.
- An **efficient and professional civil service**, which will implement policies and deliver essential social services to people on the basis of need and not on the basis of ethnicity or political affiliation.
- **Neutral and professional armed security forces** to protect the people and not fire on them.

The first five are also the requirements for a functioning democracy since elections alone don't make a country democratic. The two great antidotes against corruption are an independent media and an independent judiciary. And all are critical in ensuring "good governance." The United Nations defines democracy as the process of decision-making and the process by which decisions are implemented (or not implemented). "It has eight major characteristics: It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society." (http://tinyurl.com/z686qab)

Economic Reform or Liberalization

Economic reform generally seeks 1) to move an economy from state-controlled to one that is market-driven and relies on the private sector, or 2) lays down a new development strategy. It entails dismantling the statist-interventionist behemoth, removing state controls (price controls, import, and export controls), restrictions on exchange rates, selling off unprofitable state-owned enterprises, opening up the economy to foreign investment, and free trade, among others. The general idea is to move to a market and open economy. A market economy is far more productive than a state-controlled economy and may be able to take the country to destination B ***faster***. Indeed, as we shall see below, China's embrace of economic liberalization has yielded spectacular results, but they are not sustainable because China placed the cart before the horse; that is, economic reform ahead of intellectual, political, constitutional, and institutional reform.

One does not abruptly move from a state-controlled economy to a market economy in one fell swoop. As noted above, a market economy requires free flow of information, the rule of law, and a regulatory and constitutional framework to operate. Just as one does not establish democracy by suddenly holding elections, neither does one establish a market economy by suddenly removing price and currency controls, withdrawing state subsidies, immediately liberalizing trade within a country, and privatizing on a large scale previously publicly owned assets.

Such was the character of Jeffrey Sachs's shock therapy prescription for Poland, Czech Republic, and Russia in the post-communist era in the early 1990s. Needless to say, it was an abysmal failure. The institutional reforms and legal framework needed to make economic liberalization succeed had not been undertaken. It was like installing a new electronic distributor cap to improve the performance of a vehicle when the spark plugs had been fouled up—or putting the cart before the horse.

The most spectacular failure of shock therapy occurred in Russia, where eight individuals, known as the oligarchs, used insider information and their political connections to gobble up state assets at rock-bottom prices, became instant billionaires and transferred their wealth into offshore accounts.[38] Unlike America's "robber barons," the Russian oligarchs—just like Africa's kleptocrats—produced no new wealth, and they siphoned their profits out of the country. Their activities led Russia to ban offshore accounts in 1994 but it was too late to save the Russian economy and the ruble. Both collapsed in August 1995.

There has been much debate regarding the shock therapy. It has been argued that it would have worked if implemented gradually, as China has done. But this

is idle persiflage; the more important issue is the sequence in which economic liberalization follows.

To be sure, economic liberalization unleashed impressive rates of economic growth in Africa, Asia (Asian Tigers), and South America. China's impressive and dizzying rates of economic growth are due to the program of economic reforms called "Socialism with Chinese characteristics" in the People's Republic of China (PRC) that were started in December 1978 by reformists within the Communist Party of China (CPC) led by Deng Xiaoping. The goal of Chinese economic reform was to transform China's stagnant, impoverished planned economy into a market economy capable of generating strong economic growth and increasing the well-being of Chinese citizens. Reforms have been spectacularly successful, enabling China to replace Japan as the world's second largest economy in 2010.

After spectacular growth for decades, China's economy began to slow in 2015. Though growth for the first three months of 2015 was "only" 7 percent, it was the weakest in twenty-five years. Fears began to rise that, after three soaring decades, China was about to crash. Though *The Economist* magazine dismissed such fears as premature, it noted that while China was undertaking financial reforms, it was not out of the woods yet.

> Dangers remain. Liberalisation risks breeding instability. When countries from Thailand to South Korea dismantled capital controls in the 1990s, their asset prices and external debts surged, ultimately leading to banking crises. China has stronger defences but nonetheless its foreign borrowing is rising and its stockmarket is up by three-quarters in six months.

And then comes politics. Economic reforms have high-level backing. Yet the anti-corruption campaign of President Xi Jinping means that officials live in fear of a knock on the door by investigators. Many officials dare not engage in bold local experiments for fear of offending someone powerful.

> That matters because reform ultimately requires an end to the dire system of hukou, or household registration, which relegates some 300m people who have migrated to cities from the countryside to second-class status and hampers their ability to become empowered consumers. Likewise, farmers and ex-farmers need the right to sell their houses and land, or they will not be able to share in China's transformation.
>
> Ever fond of vivid similes, Mr. Li says economic reforms will involve the pain a soldier feels when cutting off his own poisoned arm in order to carry on fighting. "Real sacrifice," he says, is needed. . . . Mr. Li is right: much pain lies ahead. (*The Economist*, April 18, 2015; 12)

Below is a much more direct and blunt viewpoint:

> China's economy—for all the Western views of it as an unstoppable juggernaut—is stuck in a series of systemic traps from which there is no easy exit. In November 2013, Mr. Xi presided over the party's Third Plenum, which unveiled a huge package of proposed economic reforms, but so far, they are sputtering on the launch-pad. Yes, consumer spending has been rising, red tape has been reduced, and some fiscal reforms have been introduced, but overall, Mr. Xi's ambitious goals have been stillborn. The reform package challenges powerful, deeply entrenched interest groups—such as state-owned enterprises and local party cadres—and they are plainly blocking its implementation. (*The Wall Street Journal*, March 6, 2015).

Economic liberalization pushed by a dictatorial regime creates problems and becomes less sustainable when introduced out of sequence. Premature economic liberalization leads to imperfect capitalism—crony, oligarchic, or vampire capitalism—because the despot never levels the economic playing field, which favors his cronies. There are documented cases in Argentina, China, EuroAsia, Russia, and Venezuela. It is akin to what economists call "imperfect competition." Alternatively, economic liberalization under authoritarianism does not necessarily assure economic freedom.

The return of authoritarianism in Russia under Putin was particularly noteworthy. Former British ambassador to Moscow Andrew Wood noted,

> The policies followed by Putin since his return to the Kremlin in May 2012 have greatly narrowed the options for constructive engagement by the West with Russia. There is no sign as yet that he recognizes the need for economic reform. . . . An unreformed Russian bureaucracy would anyhow be incapable of delivering liberalizing economic reform, as Herman Gref, the Chairman of Sberbank and once a key Putin adviser, has pointed out. Putin has nothing to say about judicial reform, let alone political changes. He has plenty to say about the need to protect Russia (meaning himself and his immediate collaborators) against the threat of color revolution (meaning popular demonstrations). . . . Russia's Strong Man is afraid of change. (*The American Interest*, July 27, 2015)

China, perhaps, takes more harsh methods to stem corruption: it executes corrupt public officials. Almost

every year, some high-ranking government official is executed:

- July 14, 2010: Wen Qiang, former director of the Chongqing Justice Bureau, was convicted of corruption charges involving organized crime. He was sentenced to death by a lower court for accepting bribes, shielding criminal gangs, rape, and failing to account for his cash and assets.
- August 7, 2009: Li Peiying, a former senior aviation official who had been convicted for bribery, was executed, the Supreme People's Court said. Li, former chairman and general manager of Capital Airports Holding Co (CAH), was sentenced at Jinan on February 6 after allegedly taking bribes of 26.61 million yuan ($3.9 million) in 1995–2003 and allegedly misappropriating 82.5 million yuan in 2000–2003.
- July 10, 2007: Zheng Xiaoyu, former head of China's State Food and Drug Administration, was executed for corruption. He was convicted of taking 6.5m yuan ($850,000; £425,400) in bribes and of dereliction of duty at a trial in May 2007.

Though China is prosecuting and punishing corrupt public officials for all to see, its efforts are futile because the cause of the problem is the state interventionist and control behemoth, as well as the single-party system, patron–client networks, an economy utterly lacking in transparency, a state-controlled media, and the absence of the rule of law. The execution of corrupt public officials only attacks the symptoms of the disease. Even then, the solution itself—execution—is creating an even more pernicious and unintended consequence: *human and capital flight*. Which corrupt official, after stealing billions of yuan, will sit there and wait to be caught, prosecuted, and executed?

The Ministry of Commerce has estimated that 4,000 corrupt Chinese officials and bankers have transferred roughly $50 billion in the last twenty years out of the country, and then escaped prosecution by relocating to other parts of Asia or to North America. However, other sources put the figure much higher: "As many as 10,000 corrupt Chinese officials have fled the country over the past decade, taking as much as $100 billion of public funds with them, according to an estimate by Li Chengyan, head of Peking University's Anti-corruption Research Institute (*Christian Science Monitor*, October 31, 2008). And, "The People's Bank of China estimates that between the mid-1990s and 2008, some 16,000–18,000 Chinese officials and executives at state-owned companies made off with a total of $123 billion" (*The Economist*, "Special Report on State Capitalism," January 21, 2012; 18).

The ruling Chinese Communist Party (CCP) faces a dilemma. Inability to curb runaway corruption will undermine critical governing institutions, incite public resentment, exacerbate socioeconomic inequality, create massive economic distortions, and amplify the risks of full-blown crises. This failure would inevitably endanger China's economic miracle. But to fight corruption effectively would require reforms the CCP is not willing to undertake for fear of undermining its own political supremacy.

All successful economic liberalization under dictatorships eventually hits a political ceiling. This stage is often reached or triggered by a crisis: falling copper prices in Chile, falling cocoa prices in the Ivory Coast, or the Asian financial crisis in the case of Indonesia, among other examples. Investors or people who lost money during these crises demand explanations or accountability. Further, as people grow wealthy, they demand a greater say in how their countries are governed. But in many developing countries, the prosperity enriches only the ruling vampire elites (crony capitalism), leaving the mass of people in poverty. This produces resentment and sparks rioting over food and fuel price hikes. When the leadership is "enlightened" enough to flee or opens up the political space and addresses the grievances of the people, the economic prosperity can continue. This was the case in Chile under Augusto Pinochet in the 1980s.

Misleading Africa

Recall that the ideal sequence should be intellectual, political, constitutional, institutional, and lastly economic reform. A dictatorship is a controlled society, which must be reformed; else, it would eventually implode. Reform must come from within; it is the people who must make the case for reform and need the intellectual freedom to do so. A despot hides his failures and the true nature of the state of affairs. Once the rot is exposed, the people would want to throw the rat out (political reform). With the despot on the run, then constitutional and institutional reform processes can start. The constitution needs to be re-written and so on. Then the key state institutions (the seven named above) would have to begin. These institutions are required to establish not just good governance but also an enabling environment needed for investment and economic growth.

Foreign aid has been the mechanism through which the rich countries have sought to help developing African countries escape poverty. It has become a huge growth industry, replete with its own lobbyists. There exists an armada of experts, analysts, and activists who dispense oftentimes vile and conflicting advice with little or no understanding of the cultures and traditions of those they seek to "help." They prescribe policies and initiatives without even bothering to consult those who are intended to be helped.

A case in point was the 1985 Ethiopian famine relief efforts. Again, the efforts and intentions were noble, but the approach and modalities were based mostly on obsolete paradigms and misconceptions. Little effort was made to ask those in need what type of assistance was best suited for them. To help American farmers, one asks them what they need. Simple though this maxim may seem, it was not applied in the case of relief aid to Africa. According to Joanmarie Kalter, TV's focus on Western relief mirrored the colonial conception of Africans as backward and helpless, a "white man's burden." "Of 117 quotes from analysts and professionals in network famine reports, only 18 came from Africans; an overwhelming 94 were from white Americans or Europeans," she claimed (*TV GUIDE*, May 24, 2006; 3).

In this industry can be found Western donors, multilateral financial institutions (such as the World Bank and the IMF), Western academics, scholars, various policy wonks, NGOs, human rights advocacy groups, activists, and a swarm of "fly-by-night" experts, who gain "instant knowledge" after a mere one-day stay in a developing country. Their intentions may be magnanimous, but the effectiveness of their efforts is often dubious. There is little coordination among them. There is no road map or concerted action. Each does their own thing.

Intellectual freedom has seldom been part of the vocabulary of the development aid industry. In fact, those who stress this linkage are rather from the developing world, as we saw above. Said Harry Wu, a former Chinese political prisoner: "The World Bank consistently supports corrupt and authoritarian governments. . . . It seems that the World Bank has fallen victim to the myth that simply pumping money into an impoverished region will ensure a better life for the inhabitants of that region. Without consultation with the people affected, no project can be counted a success. But without basic freedoms—freedom of speech and freedom of assembly—the inhabitants cannot freely express their opinions" (*The Washington Times*, July 13, 1999; A19). And Amartya Sen, recipient of the Nobel Prize in economics (1998), said,

> One of the remarkable facts in the terrible history of famine is that no substantial famine has ever occurred in a country with a democratic form of government and relatively free press. They have occurred in ancient kingdoms and in contemporary authoritarian societies and in modern technocratic dictatorships, in colonial economies governed by imperialists from the north and in newly independent countries of the south run by despotic national leaders or by intolerant single parties.
>
> But famines never afflicted any country that is independent, that goes to elections regularly, that has opposition parties to voice criticisms, that permits newspapers to report freely and to question the wisdom of government policies without extensive censorship. (*The Washington Times*, October 20, 1998; A12)

Let those who are being helped in African countries speak for themselves. For far too long, the "we-know-best" mentality has been pervasive. In the case of Africa, there have been many such crackpots or fly-by-night development experts, often from the West, who spent just one night in an African airport and suddenly acquired instant knowledge of African economies and proceeded to dispense scrofulous counsel to African governments and institutions at exorbitant fees. Real reform begins with intellectual freedom. Call it *Ayittey's Law*, if you will. A free media is the flip-side of intellectual freedom and an effective antidote against dictatorships.

For decades, up until 1990, Western donors, international aid agencies, and multilateral development groups shied away from intellectual freedom and political systems, concentrating solely on the economic sphere. They argued that their charters prohibited them from delving into politics. Further, if only African countries could get their economies right, they would prosper, a middle class would emerge which would agitate for its political rights and, hence, democratic pluralism. After all, this was the track the Western countries themselves followed and also the Asian Tigers.

The Ghost of Lloyd George

This line of reasoning shaped much of US policy toward China in the 1990s: the more the United States traded with the Chinese communist dictatorship, the nearer the United States would bring the day of a democratic redemption of the hapless Chinese peo-

ple. American writer David Brooks noted in the *Weekly Standard* (April 30, 2001) that: "[T]he theory puts a lot of faith in the power of capitalism to transform tyrannies into democracies. History offers some examples in which the market has sweetened manners, but there are also plenty of instances where the economically minded have overestimated the civilizing power of trade" (p. 23). According to Arnold Beichman, Senior Research Fellow at the Hoover Institution,

> The founder of that delusional "linkage" policy was British Prime Minister Lloyd George who formulated the principles of a policy that was to become standard for the West toward the Soviet Union: "to smother Bolshevism with generosity," as the authors of *Utopia in Power* have written. In 1992, Lloyd George said, "I believe we can save her by trade. Commerce has a sobering influence. . . . Trade, in my opinion, will bring an end to the ferocity, the rapine and the crudity of Bolshevism more surely than any other method." (*The Washington Times*, May 17, 2001; A16)

Of course, trade did not bring an end to Bolshevism, but the ghost of Lloyd George still wanders around the corridors of the US government. During the Carter administration, Marshall Shulman, the State Department adviser on Soviet affairs, wrote that "the measured development of economic relations can reasonably be made conditional upon Soviet restraint in crisis situations and in military competition" (*The Washington Times*, May 17, 2001; A16). That is, if the Soviets behaved themselves, they could be assured of some chance of economic prosperity. So then the Soviet Union marched into Afghanistan. Jean-Francois Revel pointed out that this linkage, the idea of economic detente, "has been turned upside down" (ibid.). Ditto when Putin of Russia snatched Crimea and a portion of Eastern Ukraine in 2014 and 2015 respectively.

After the collapse of the Soviet Union in 1989, political conditionalities were added to the disbursement of foreign aid, but it was more of an afterthought. Intellectual freedom was ***never*** made a priority. Western foreign policy objectives were to be overhauled for sure. Greater emphasis was to be placed on promotion of democracy, respect for human rights, better governance, transparency, and accountability, among others. In May 1990, for example, the US Congress and the White House attempted to reshape the US foreign aid program in light of global political changes and to reorder priorities. President George H. Bush sought new flexibility to boost aid to emerging democracies in Eastern Europe, Panama, and Nicaragua. Assistant Secretary of State for Africa Herman J. Cohen announced in May 1990 that, along with economic adjustment and the observance of human rights, democratization would be included as the third prerequisite for US development aid. Shortly after the establishment of the policy of tying bilateral aid to political conditions, the US Congress called for multilateral aid, such as from the World Bank, to be subject to the same requirement. But beyond the rhetoric, nothing much changed underneath the surface. It was "business as usual." Old friends remained old friends. Said Fred Hiatt, a member of the editorial page of the *Washington Post* (May 17, 1998):

> President Clinton's foreign policy team talks about democracy possibly more than any previous administration but in practice often seems to care less. . . . After the Cold War, America was supposed to be free to shift from fighting communism—alongside right-wing dictators, if necessary—to promoting democracy and human rights. Clinton suggested as much in Africa when he apologized for America's Cold War support of dictatorial despoilers such as (though he didn't name him) Zaire's Mobutu Sese Seko. But the administration's bias toward stability—or toward those who it believes will promote stability—has not diminished. (p. C9)

Again, starting with economic reform puts the cart before the horse. When a company goes bankrupt, it defies logic to ask the same incompetent managers, who ruined it in the first place, to fix it. Unfortunately, this was exactly what the World Bank and Western donors tried to do with the *sequence* of reform, and the results were a disaster for Africa. Starting with economic reform will unleash economic growth and prosperity that would eventually hit a "political ceiling." As previously mentioned, that stage is often reached or triggered by some economic crisis. In such crises, investors lose money and demand explanations and accountability. If the political space is opened up, the prosperity will continue, as was the case in Chile. In most cases, however, dictators kept the lid on and the economic gains unraveled: Yugoslavia, Ivory Coast, Indonesia, Madagascar, Tunisia, and Yugoslavia.

China faces the dilemma of economic liberalization without intellectual or political reform. Stubborn resistance to reform could only lead to disaster. Speaking to Chinese-American business people in New York, Prime Minister Wen said political reform would lead to "a relaxed political environment, so people can

better express their independent spirit and creativity" (*The New York Times*, September 29, 2010; A14). That his speech was censored and blocked from publication in the state-owned media by the powerful Propaganda Department shows how important intellectual freedom is. In explaining why the 2010 Nobel Peace Prize was awarded to Chinese dissident Liu Xiaobo, serving an eleven-year jail sentence for attempting to "subvert state power," Thorbjorn Jagland, Chairman of Norwegian Nobel Committee said: "If China is to advance in harmony with other countries and become a key partner in upholding the values of the world community, it must first grant freedom of expression to all its citizens" (*The New York Times*, October 23, 2010; A19).

David Shambaugh, an American professor of international affairs at George Washington University in Washington DC, wrote,

> Despite appearances, China's political system is badly broken, and nobody knows it better than the Communist Party itself. China's strongman leader, Xi Jinping, is hoping that a crackdown on dissent and corruption will shore up the party's rule. He is determined to avoid becoming the Mikhail Gorbachev of China, presiding over the party's collapse. But instead of being the antithesis of Mr. Gorbachev, Mr. Xi may well wind up having the same effect. His despotism is severely stressing China's system and society—and bringing it closer to a breaking point. . . . The endgame of Chinese communist rule has now begun. It will probably be highly unstable and unsettled. But until the system begins to unravel in some obvious way, those inside of it will play along—thus contributing to the facade of stability. . . . Communist rule in China is unlikely to end quietly. A single event is unlikely to trigger a peaceful implosion of the regime. Its demise is likely to be protracted, messy, and violent. . . . The increasingly evident cracks in the regime's control can be fixed only through political reform. Until and unless China relaxes its draconian political controls, it will never become an innovative society and a "knowledge economy"—a main goal of the Third Plenum reforms. The political system has become the primary impediment to China's needed social and economic reforms. If Mr. Xi and party leaders don't relax their grip, they may be summoning precisely the fate they hope to avoid." (*The Wall Street Journal*, March 6, 2015)

Recall that much hype has been made of the observation that political reform and economic reform must go hand in hand, but that dodges the issue. They do not go hand in hand. Political reform *precedes* economic reform and intellectual freedom must *precede* both of them.

On the African front, Rwanda has been doing well economically. On August 25, 2003, it held sham elections in which the incumbent, President Paul Kagame, "won" 95 percent of the vote. His main challenger, Faustin Twagiramungu, a former prime minister, secured only 3 percent of the vote. His opposition party, Democratic Republican Movement, was banned. He was vilified in the government-run media, his supporters were harassed, intimidated, and jailed. Said an irate Alison Des Forges, a senior Africa researcher for Human Rights Watch, who wrote scathingly of the Hutu extremists that butchered more than 1 million Tutsis in 1994: "To call this an exercise in democracy is not an accurate description by the standards of any place in the world. How can you talk of democracy when people are not free to express themselves?" (*The Washington Times*, August 28, 2003; A19).

The same charade was repeated in 2010 with main opposition leader Victoire Ingabire tossed into jail. Kagame "won" 93 percent of the vote. In an op-ed, Stephen W. Smith, an American Professor of African studies at Duke University, Durham, North Carolina, wrote,

> Mr. Kagame can't leave office without risking arraignment by the International Criminal Court, a threat from which even a trusted successor could not shield him—and Mr. Kagame no longer trusts anyone. Ignoring constitutional limits, he is orchestrating a "popular" movement to seek another term in 2017. Another election "victory" lies ahead, unless justice catches up with him. . . . The post-genocide regime in Rwanda has many friends around the world for understandable—and in most cases, honorable—reasons. Horrified as we were by the bloodbath in 1994, and ashamed by our inability to prevent or stop it, who would want to believe that the good face Mr. Kagame has put on Rwanda—creating an image as a prospering and healing nation—is in fact a lie? Today, opposition voices in Rwanda have been completely silenced.
>
> Yet, it is precisely the outside world's need for a soothing moral tale—for a Manichean narrative to believe in—that betrays the reality in post-genocide Rwanda and renders us complicit, yet again, in more bloodshed. In a place where the absence of democracy and gross violations of human rights have already led to the ultimate collective crime, we simply cannot afford to continue to avert our gaze from Mr. Kagame's violent and arbitrary rule. . . .

> Mr. Kagame too belongs in the dock, standing trial before the International Criminal Court in the Hague." (*The New York Times*, July 20, 2015)

Once again, Paul Kagame of Rwanda adopted the Asian Tiger model [economic liberalization before political reform] and generated impressive economic performance, but the political system was despicable. A political ceiling will be reached and if Kagame defies all counsel and common sense and amends the constitution to prolong his stay in office, a blood-letting implosion would be inevitable, which would wipe out all the economic gains made. In August 2017, the political space was shuttered close even further. Kagame won the presidential election with 99.8 percent of the vote. Recall the African aphorism, "We struggle very hard to remove one cockroach from power. . . ." But then, how can political reform be implemented without intellectual freedom?

Asked who should get the credit for the fall of the Berlin Wall, Lech Walesa, former Solidarity leader and ex-president of Poland, named the Pope and Ronald Reagan but also interestingly said: "Someone else played an important role—the journalists, especially the Western ones. If they hadn't publicized our struggle all over the world, we wouldn't have had a chance" (*Newsweek*, November 8, 1999; 44).

The average person in the West takes for granted the practical usefulness of radio, without realizing its critical significance in civic empowerment in the Third World. In Africa, the radio is a political tool for the empowerment of the African masses. Once an African president told Elizabeth Ohene, the deputy editor of BBC's *Africa Service*: "You are more powerful than an African president" (*The Economist*, January 16, 1999; 44). Said John Balzar, an American journalist:

> To speak of radio in Africa is to discuss life and death. Much of the rest of the world may be drowning in the flood of data from the Information Superhighway. But in Africa, for hundreds of millions of people, events over the next hill and beyond are known by just two means: word of mouth as carried by travelers and word of mouth as broadcast on radio. On a continent that is crushingly poor, undereducated, rural and remote, only radio can truly be called the medium of the masses. (*Washington Post*, October 25, 1995; A22)

This view was confirmed by former Senator Nancy Kassebaum at an April 1996 hearing before the US Senate Foreign Relations subcommittee on African affairs. She recalled that during her trip to Africa: "I was struck by the pervasive power of radio in Africa. From democratizing Mali to troubled Rwanda, radio holds immense power and possibilities" (*The Washington Times*, April 25, 1996; A16). Hopefully, one may understand why the radio or the media is among the first to be snatched and controlled by a tyrannical regime.

Although the number of non-governmental radio stations has increased from zero in 1983 to 137 in twenty-seven countries in 1995, most stations are still government-controlled with governments justifying their control over the media as a means of enhancing national unity and development. In reality, however, the radio has served as a mouthpiece of the ruling party's propaganda. The powerful effect of propaganda radio was evidenced in Rwanda, where Hutu militiamen, the *interahamwe*—a government-sponsored group—broadcast hate messages against the Tutsis and whipped their Hutu kinsmen into a killing frenzy. "*Radio Milles Collines* was clearly one of the mouthpieces for the genocide," said Janet Fleishman of Human Rights Watch/Africa. "The killers, some of whom had a radio in one hand and a machete in the other, heeded the advice of *Radio Milles Collines* and slaughtered children as well as adults" (ibid., A12).

"Since the beginning of the war with Rwandan Patriotic Front, this propaganda always said that the Tutsis were coming to attack the country. All day long on the radio, they said the Tutsis were coming to take power away from the Hutus," said Pierre-Claver Rwangabo, a Hutu moderate who joined the subsequent Tutsi-led government (*Washington Post*, April 18, 1995; A17).

Consequently, those in power use the radio to perpetuate themselves and their views, blocking out dissenting or opposition views. For opposition politicians in Kenya and Nigeria to get their views to the masses, BBC and the *Voice of America* often serve as alternate outlets. The establishment of a *Radio Free Africa*, similar to Radio Free Asia, will do for Africa what *Radio Free Europe* did to the Soviet Union. "*Radio Free Asia*, the US Government station that has been beaming uncensored news into China since September 1996, has so upset Beijing that Washington has kept the location of its transmitters a state secret. Proponents of RFA insist it is not anti-Chinese, but aimed at all tyranny in Asia. But Congress created the radio station because of its disgust at the massacre of pro-democracy protesters at Tiananmen Square in June 1989" (*The Washington Times*, October 28, 1996; A10).

The role of the radio in Ghana's 2000 elections must also be noted. The **FM radio stations** kicked

in and played a stupendous role in ensuring transparency in an election to a level that has never been seen in recent African history. An army of reporters from local radio stations whizzed around the polling stations asking tough questions of officials and voters, broadcasting every irregularity and peculiarity. Sometimes, their broadcasts brought election and security officials scurrying in to head off a potential problem.

As *The Economist* magazine (December 16, 2000) put it, "Live radio, it turned out, is a better and cheaper monitor of the honesty of African elections than the local and international observer teams, whose reports will emerge only after the battle has been lost and won" (p. 54). The FM radio stations made it impossible for the ruling NDC to steal the election. Since none of the candidates won more than 50 percent, a run-off was scheduled for December 28, 2000. The country was sitting on pins and needles.

When John Attah-Mills called J. A. Kufuor to concede defeat and congratulate him, the FM radio stations immediately broadcast the concession speech all over the airwaves. As columnist Thomas Friedman pointed out, the four most democratic countries in West Africa today—Benin, Ghana, Mali, and Senegal—all have private, flourishing FM talk radio stations. "Let's stop sending Africa lectures on democracy. Let's instead make all aid, all IMF–World Bank loans, all debt relief conditional on African governments' permitting **free FM radio stations**. Africans will do the rest," he wrote (*The New York Times*, May 1, 2001; A13).

North Korea is perhaps the most closed and viciously repressive country in the world. In a bid to open up that secretive communist country, human rights activists launched a campaign to fly more than twenty balloons, each six yards tall and carrying about thirty small radios into North Korea, which strictly bans its people from listening to or watching outside broadcasts. Rev. Douglas Shin, a Korean-American human rights activist, estimated the cost of the "Give Ear to a North Korean" campaign at $7,000 (*The Washington Times*, August 12, 2003; A11).

To be sure, efforts are being made to promote intellectual freedom, but they are spotty and uncoordinated. It must now be clear that intellectual freedom or reform must precede political reform, which in turn, must precede constitutional, institutional, and then finally economic reform. Constitutional and institutional reform can be more readily tackled under new political leadership, and both political and institutional reform are required before successful economic liberalization.

Unfortunately, the record on reform has been abysmal and mangled. No sequence is discernible nor has much progress been made on any individual reform. In 2017, intellectual and political freedom existed in barely seventeen African countries. Recall that in 1990, the number of democracies was four. If after twenty-seven years this number has grown to only seventeen, then it would take Africa nearly a century to become fully democratic.[39]

This sequence issue also explains reversals of the revolution in the Philippines, Eastern Europe, Indonesia, and many African countries. It also explains why the Arab Spring failed, because they got the sequence wrong. In Egypt, the revolution was completely reversed. Recall the state-mobile analogy. In a dictatorship, the state-mobile is kaput and needs a *complete overhaul*. In many cases, only the driver was changed. Constitutional and institutional reforms were left uncompleted or attempted belatedly or haphazardly. Key state institutions—the judiciary, the army, the civil service, electoral commission, etc.—were purged of the allies and supporters of the ousted dictators and replaced with allies and supporters of the incoming administration. "Maggots" remained burrowed deep, chewing away at the foundations of the system. Such politically motivated purge hardly constitutes reform. Not surprisingly, corruption, bribery, and bureaucratic ineptitude continued in Poland, Georgia, Ukraine, the Czech Republic, Slovakia, Philippines, Tunisia, and many other countries. People became enraged at the sleazy politics, and the cycle began anew.

Perhaps, the most important reason for starting with the intellectual reform resides in the fact that every foreign entity that goes to Africa, does so to promote their interests. The Arabs go to Africa to pursue Arab interests. Similarly the French pursue French interests and Russia promotes Russian interests. Certainly, the Chinese are not in Africa because they love black people so much.

When US President Barack Obama visited Kenya and Ethiopia in July 2015, he did so largely to endorse those countries' role as "allies" in the war against terrorism—never mind that the Ethiopian government (which supposedly won *100 percent* of the vote in the May 2015 elections) had engaged in terroristic acts against its own people. In the case of Kenya, it was President Uhuru Kenyatta who was indicted by the ICC in 2014 for his role in the bloodletting that claimed more than 1,200 lives after the December 2007 elections. In each case, US interests—war on ter-

rorism—trumped democracy and accountability, suggesting that Africa must make its own case for reform. And that requires intellectual reform or freedom. When Obama visited Ethiopia in his trip, the country had only one radio station, which was government-owned.

We will take up the issue of sequence of reforms again in Chapter 10, where we'll show that if the sequence is botched, the revolution may be hijacked or reversed.

Combating Corruption—The Right Way

We shall devote this section, not to complain about more problems, but to pick one—corruption—and show how it can be solved. So serious has the problem become that the Anglican Bishop of Wusasa Diocese in Zaria, Kaduna State, Rt. Rev. Ali Buba-Lamido, advocated the death penalty for corrupt public office holders in Nigeria. He said the death penalty option is the only way to put public officers in Nigeria in check. The call became imperative in view of the fact that corruption could kill more people than a conventional weapon. "If our leaders know that they would be prosecuted if found corrupt, they would be on their toes to avoid corrupt practices" (*Premium Times*, June 20, 2015).

Corruption is not unique to Africa alone. It exists in all societies. Like crime or unemployment, it cannot be eradicated completely; only minimized. But some countries have been more successful than others. So what are the secrets to battling corruption successfully?

"He who does not understand the cause of a problem cannot solve it" says an African proverb. Bribery and corruption are merely symptoms of some fundamental disease. Executing corrupt officials or setting up an anti-corruption commission addresses only the symptoms but not the root causes, which are generally due to institutional decay, breakdown, or malfunction. Those who call upon the head of state to fight corruption obviously do not understand the problem and how to solve it. When President Obama visited Ghana in March 2009, he said "Africa doesn't need strong leaders; it needs strong institutions." The importance of strong institutions can be gleaned from our developmobile analogy.

Africa's developmobile is kaput. It makes so much noise and the ride is very rough. It is tilted to one side because of overloading. In addition, it is constantly overheating and belching thick black smoke. All these are symptoms of some faulty systems in the vehicle. For example, if a vehicle overheats, it means that there is something faulty with the cooling system. Recall that

systems in a vehicle are independent and cannot be mismatched.

Similarly: corruption is a symptom of some faulty institutions in the ship of state. Recall that each institution must also be independent and should not be cross-matched. For each institution to work well, it is supposed to police and cleanse itself. To do so, each has its own special "code." Just as each institution is required to police and cleanse itself, the government as an entity is also required to do so through this process.

In the case of Ghana, the government has a controller and accountant-general, auditor-general, and attorney-general. These are the three key officials to target in the war against corruption. Each year, the controller and accountant-general is required by law or the constitution to submit an accounting report of all government expenditures, both at home and abroad in the embassies. This report must be submitted to the auditor-general within a specified period of time.

Upon receipt, the auditor-general then goes through the expense account or accounting report with a fine-toothed comb, noting suspicious payments, financial irregularities, and malfeasance. For example, suppose an entry showed that \$40 million had been spent by the Ministry of Education to build just three classroom blocks. This expenditure may be queried in the auditor-general's report, which must, within ninety days, be submitted to three key entities: the president, the Public Accounts Committee (PAC) of Parliament, and the attorney-general. Upon receipt, the attorney-general must confer with the president on the appropriate measures to take. Or, PAC may haul in the minister of education to explain how his ministry spent \$40 million on just three classroom blocks. If the minister is unable to answer satisfactorily and PAC suspects embezzlement and a cover-up, it may refer the case to

the attorney-general for prosecution and recovery of the loot. Then the attorney-general may hand the case over to the state prosecutor to seek conviction in court. Note: There is no involvement by the president in that process.[40]

In general, this is how the government system is supposed to cleanse itself automatically. It must be stressed that even if the president and the attorney-general fail to act, PAC can still push this issue forward. Additional measures may be enacted to enhance the cleansing system. For example, "Report a Bribe-Taker for a Reward" program may be instituted, whereby a civil servant who takes a bribe can be reported to a directorate. If found guilty, he can be sacked and made to refund the bribe. A "Whistle Blower" program may also be adopted, whereby anyone who reports an imminent fraudulent transaction which will cause, say, $50 million financial loss to the state, will be rewarded with 10 percent of the amount saved, or $5 million.

The normal cleansing system is supposed to work this way. Forget about setting up an anti-corruption commission like the EFCC in Nigeria. By the time the commission is set up, it is too late. The loot is already gone, unretrievable. The normal cleansing system can be strengthened by:

- Making the accountant-general, auditor-general, and attorney-general independent of the executive by having them appointed by the opposition or parliament, not the president,
- Setting up a Directorate on Corruption and Economic Crime that is independent of the executive and reports to parliament, as Botswana has done, and
- Implementing additional measures, such as "Report Bribe-Takers for a Reward" and a "Whistle Blower" program.

Thus, if corruption is pervasive, it is because some institution or agency in the government—the controller and accountant-general, auditor-general, attorney-general, or parliament that is not doing its job. If so, then sack each of them. It may be possible that they may be doing their jobs but the president intervenes to block prosecution to spare a relative or friend. In that case, the president himself risks impeachment. Indeed there are several ways of interfering or blocking the fight against corruption, such as preventing the exposure of the problem through control of the media or underfunding or cutting the budgets of agencies tasked with fighting corruption.

The Postcolonial Experience

In the postcolonial period, corrupt African governments have combatted corruption half-heartedly with various ad hoc measures: probes, commissions of enquiry, and the occasional execution by firing squad, as staged by Flight-Lieutenant Jerry Rawlings of Ghana in 1979. Naturally, these efforts got nowhere.

Scientifically, effective resolution of a problem requires taking five basic steps. The first is to expose the problem, which normally is done through the media (newspapers, magazines, radio, TV) and public fora (conferences, seminars, workshops, and speeches) and by civil society. That is the business of intellectuals, journalists, editors, and writers. The second is to diagnose the causes of the problem. The third is to prescribe a solution. The fourth is to implement the solution, and the fifth is to monitor it to see if it is working. If not, the dosage may be increased or an entirely new remedy tried.

The diagnosis may be considered the crucial step. A faulty analysis of the causes may lead to a wrong prescription, which may treat only the symptoms and not the fundamental causes, or worse, may aggravate the ailment. To avert such possible malpractice, a diagnosis must be subject to critical public review and debate to determine its validity and to ensure that important causative factors have not been overlooked.

Regrettably, in most African countries, the process of crisis resolution rarely goes beyond step two (the diagnosis stage). Even when step two is reached, a faulty diagnosis is invariably performed, leading to the prescription of a wrong solution. Worse, that solution is itself often implemented poorly or not at all in many cases, including corruption scandals.

In 1993, for example, Ghana's auditor-general released a report that detailed a catalogue of corruption and embezzlement by high government officials, costing a staggering 401 billion cedis (about $400 million) over a ten-year period (1983–1992). But not one single bandit was indicted.

Recall that from 1988 to 1994, Nigeria's military rulers squandered $12.4 billion in oil revenue, estimated by the September 1994 Pius Okigbo Commission to be a third of the nation's foreign debt. A Petroleum Trust Fund that was set up by former head of state General Ibrahim Babangida "lost" $600 million. No one was prosecuted. Most Nigerians collapsed into hysterical laughter when they heard their head of state, General Sani Abacha, had launched "a war on corruption," because they knew "several of his cronies, active or

retired, were millionaires and no military men involved in the banking scandal [that cost the country $180 million] had been touched. "When the soldiers had eaten enough, he retired them," said a civil rights lawyer (*The Economist*, June 8, 1996; 48).

Exposure

"He who conceals his disease cannot expect to be cured," says an Ethiopian proverb. Yet, for much of the postcolonial period, exposing a problem in Africa has almost always been impossible because of censorship, brutal suppression of dissent, and state ownership or control of the media. Corrupt and incompetent governments denied or concealed their embarrassing failings (abuse of power, looting, and atrocities) until the problems blew up. But by then it was too late to solve them. As Adam Feinstein, editor of the monthly publication of the International Press Institute, put it: "The press is always a first scapegoat of governments. They can't blame themselves, so they have to blame somebody else" (*Washington Post*, April 6, 1995; A15).

As mentioned earlier, New York-based Freedom House's "Freedom of the Press 2015" report stated that of all of Africa's countries only four have a free press. Twenty-five African countries are in the "not-free" category, and the rest are heavily restricted.

Injudicious detention, censorship, and intimidation of journalists work against the public's right to information and the right to hold and express opinions and ideas. Both rights are guaranteed under Article 19 of the UN Charter and Article 9 of the African Charter on Human and People's Rights, to which most African countries are signatories. Most bewildering is the fact that press and general freedoms are most restricted in African countries that are multiparty democracies.

The strangulation of the press in the post-Cold War period has been most evident in West Africa, where "at least 12 journalists have been detained in Ivory Coast, The Gambia, Ghana, Sierra Leone and Nigeria in the past month. Since 1994, West African governments have seized dozens of magazines and newspapers, deported journalists, and closed independent radio stations in Cameroon, Togo, The Gambia, Mali and Gabon" (*The Washington Times*, April 6, 1995, A15).

Due to the explosion in the number of satellite dishes, electronic communications (fax machines, the Internet, email, etc.), much more information is now available in most parts of Africa. The new technology has severely hindered the ability of African dictators to control the flow of information and keep their people in the dark. In their desperate attempts to retain control, defamation or libel suits and murder have become the choice tactics of corrupt regimes.

- **Algeria:** Abdelbaki Djabali, a correspondent of the daily El Watan, escaped "death by road accident" on December 7, 2000, when his car was rammed off the road by a careening truck. His crime? Unrelenting exposés on corruption.
- **Angola:** BBC reporter Gustavo Costa was slapped with a defamation suit in June 1994 by oil minister Albna Affis after filing stories about government corruption. On January 18, 1995, Ricardo de Melo, the editor of the Luanda-based *Imparcial Fax*, was killed for writing stories about official corruption. Little has improved in recent years. Investigative journalist Rafael Marques de Morais, "who reported on killings and torture related to Angola's diamond industry" was charged with criminal defamation "that could have resulted in a nine-year prison sentence and a fine of up to £800,000. . . . Marques said today: 'I am in disbelief for what I heard in court. The public prosecutor put words into my mouth. He said that I had apologised, and had admitted to have written falsehoods.'" Marques's witnesses were not allowed to speak to the court in his defense (*IndexonCensorship.org*, May 28, 2015).
- **Cameroon:** Emmanuel Noubissie Ngankam, director of the independent *Dikalo* was given a one-year suspended sentence, fined CFA 5 million ($8,800), and ordered to pay CFA 15 million in damages after publishing an article alleging that the former minister of public works and transportation had expropriated property in the capital Yaounde. Then "the Cameroonian newspaper which reported President Biya's marriage to a 24-year-old has been suspended by the government. When *Perspectives-Hebdo* ran the story on March 17, 1994, police quickly seized all available copies. Joseph-Marie Besseri, the publisher, said the official reason for the ban was failure to show the edition to censors before distribution, as the law requires. He denies the charge (*African News Weekly*, April 8, 1994; 5). Threats however proved to be too much for Paul Lois Nyemb Ntoogue, founder of the newspaper *Le Messager-Popoli*. He fled to South Africa after "he was told by telephone to choose between abandoning his career as a journalist and death by machete" (*Index On Censorship*, March/April 1999; 102). "In September 2013, 11 press

outlets, including newspapers, radio stations and a TV station, were shut down for disrespecting 'ethics and professional norms.' In 2010, former newspaper editor Germain Ngota, who had been investigating corruption allegations involving the state-run oil company, died in jail" (*IndexonCensorship.org*, June 12, 2014).

- **Central African Republic:** The conflict in CAR has only brought more danger and censorship. In May 2014, Reporters Without Borders summarized the recent persecution of journalists, "including the case of Elisabeth Blanche Olofio, a radio journalist killed in connection with her work after being accused of having 'a sharp tongue.' Two other journalists, Désiré Luc Sayenga and René Padou, died of the injuries they received in a brutal attack in unclear circumstances. There have also been numerous incidents of harassment and telephone threats, as well as journalists being summoned by judicial authorities before fleeing the country" (*IndexonCensorship.org*, November 19, 2014).
- **Chad:** Yaldet Begoto Oulatar and Dieudonne Djonabaye, director and chief editor of the newspaper *N'Dajmena Hebdo*, were sentenced on February 12, 1998, to a two-year suspended prison sentence and fined CFA 100,000 each for defaming President Idris Derby in a December article entitled "Derby, A Partisan President." Djonabaye was flogged with an electric cable in a police cell in N'djamena on March 29, after being arrested again while visiting the French/Chad military base Epervier (*Index On Censorship*, May/June 1998; 104). Then on July 20, 1998, Yorongar Ngarlejy le Moiban, a member of the National Assembly and the political opposition party, the FAR, was sentenced to three years for defaming President Derby and the President of the National Assembly, Wadal Abdelkader Kamougue. Two journalists from *L'Observateur*, Sy Koumbo Singa Gali and Polycarpe Togomissi, were convicted of complicity in the defamation and received two suspended sentences and CFA 1 million (about $1,600) fines. The judge who tried the case was previously a member of the prosecution team that had brought the charges. *L'Observateur* published an interview in which Ngarlejy accused Kamougue of accepting money from French oil company Elf to finance his presidential electoral campaign (*Index On Censorship*, November/December 1998; 91).
- **Gabon:** On August 11, 1998, Michel Ongoundou-Loundah, publication director for *La Griffe* newspaper, disappeared from his home. He appeared in court in Libreville the following day with the newspaper's editor-in-chief, Raphael Ntoutoume Nkoghe, and journalist Pulcherie Berumel. They were charged with criminal libel in connection with a June 1998 article which asserted that employees of Air Gabon were involved in ivory trafficking. All three were convicted and sentenced to eighty-eight-month prison terms and ordered to pay CFA 3 million each (about $5,000) to Rene Morvan, director general of Air Gabon (*Index On Censorship*, November/December 1998; 96).
- **Kenya:** Abraham Kipsang Kiptanui, former controller of State House, was awarded over $250,000 in damages on March 31, 1998, for libel caused by an article published in *Target* magazine. Kiptanui sued over an article entitled, "Three Billion Shilling Deal Off" (*Index On Censorship*, May/June, 1998; 113).
- **Namibia:** President Sam Nujoma and Home Affairs Minister Jerry Ekandjo served separate summonses on the weekly *Windhoek Observer*, for defamation, and demanded a total of $200,000 in damages. President Nujoma served his summons against editor Hannes Smith on August 7, 1998, and demanded NR 1 million for a series of articles that accused him of abuse of office, nepotism, criminal conduct, and corruption. Ekandjo's complaint arose from an article which implied that he had abused his position to subvert the rule of law and that he was engaged in corrupt practices (*Index On Censorship*, November/December 1998; 102).
- **Rwanda:** Jean-Leonard Rugambage, the deputy editor of the newspaper *Umuvugizi*, was shot dead outside his house in Kigali in 2010.
- **South Africa:** The government passed and was only waiting for the president's signature to implement a draconian cybersecurity bill that would impose up to fifteen years in prison for violation. "The bill comes against the backdrop of ongoing government hostility towards the media. Exposés by journalists of corruption and cronyism within the ranks of the governing African National Congress (ANC) have led to accusations by the party that the media casts it in a 'negative light' and acts in opposition to it. . . . The bill makes it an offence to 'unlawfully and intentionally' hold, communicate, deliver, make available or receive data 'which

is in possession of the state and which is classified.' . . . There is no public interest defence or whistle-blower protection" (*IndexonCensorship.org*, January 7, 2016).

The arrests, detentions, and even murders of journalists, as well as brutal clamp-downs on the press, do far more than silence government critics. They prevent the exposure of corruption and other problems, and problems cannot be solved when concealed or swept under the rug.

Diagnosis

Even when a problem is finally exposed in Africa, the second and crucial step of diagnosis is often mishandled. On the causes of Africa's crisis, there are two schools of thought: the externalists and the internalists. The externalists believe that Africa's woes are due to external factors. Disciples of the externalist school include most African leaders, scholars, and intellectual radicals. For decades the externalist position has held sway, attributing the causes of almost every African problem to such external factors as Western colonialism and imperialism, the pernicious effects of the slave trade, racist conspiracy plots, exploitation by avaricious multinational corporations, an unjust international economic system, inadequate flows of foreign aid, and deteriorating terms of trade.

Ali Mazrui (1986) claimed that almost everything that went wrong in Africa was the fault of Western colonialism and imperialism: "The West harmed Africa's indigenous technological development in a number of ways" (p. 164). He attributed Africa's collapsing infrastructure (roads, railways, and utilities) to the "shallowness of Western institutions," "the lopsided nature of colonial acculturation," and "the moral contradictions of Western political tutelage" (p. 202). In fact, "the political decay is partly a consequence of colonial institutions without cultural roots in Africa" (p. 199). Therefore, self-congratulatory Western assertions of contributing to Africa's modernization are shallow: "The West has contributed far less to Africa than Africa has contributed to the industrial civilization of the West" (p. 164). Decay in law enforcement and mismanagement of funds were all the fault of Western colonialism too. "The pervasive atmosphere in much of the land is one of rust and dust, stagnation and decay, especially within those institutions which were originally bequeathed by the West" (p. 210). They signal "the slow death of an alien civilization" (p. 204) and Africa's rebellion "against westernization masquerading as modernity" (p. 211). Western institutions are doomed "to grind to a standstill in Africa" or decay. "Where Islam is already established, the decay of western civilization is good for Islam since it helps to neutralize a major threat" (p. 19).[41]

This line of reasoning completely exonerated African leaders of responsibility for the continent's mess. Naturally, these leaders also subscribed to and espoused similar views—that the causes of Africa's crises were externally generated. In fact, since independence in the sixties, almost every African malaise has been ascribed to the operation or conspiracy of extrinsic agents. The leadership was above reproach and could never be faulted. Any problem with the educational system was, of course, the fault of colonialism. An electricity failure was unquestionably due to an imperialist plot. Commodity shortages were easily explained: the nefarious activities of neocolonial saboteurs. Even bribery and corruption, according to Mazrui (1986), was the fault of colonialism and the "coming of new institutions such as Western style banks, with their new rules and new values" (241). Recall President Mobutu's more dramatic elucidation. Asked who introduced corruption into Zaire, he retorted: "European businessmen were the ones who said, 'I sell you this thing for $1,000, but $200 will be for your (Swiss bank) account'" (*New African*, July 1988; 25).

Sabotaging the Fight against Corruption

The African Union estimates that corruption alone costs Africa $148 billion a year, which is more than four times the $35 billion Africa receives in foreign aid from all sources. Not much progress has been made against corruption because of political interference, downright chicanery, and weak and corrupt institutions, among others.

First, as noted above, the head of state or the government should never become involved in the fight against corruption. Quite often, the head of state himself is the chief bandit. Furthermore, the typical African government approach to fighting corruption is for the president to set up an officious mind-numbing anti-corruption commission or task force with a twist of chicanery. It is a like a bunch of crooks asking another set of crooks to go catch a thief. A czar is appointed amid pomp and pageantry. But he is given no prosecutorial powers, nor sufficient budget. In Nigeria,

> The House Public Accounts Committee said the federal government has encouraged fraud to continue by deliberately refusing to fund the office of the Auditor

General of the Federation (AGF), to weaken its capacity to check the violation.

The committee said by reducing the budget of office of Auditor General from N1.9 billion to N100 million in 2015, the government deliberately ensured the office no longer had the capacity to audit 601 departments and 144 foreign missions. The big cut was carried out by the Ministry of Finance, citing falling oil revenues.

"How can we imagine that the capital budget of the office of AGF for the year 2015 was reduced from N1.9bn to N100?

"Can you also imagine an office of the AGF that has 144 foreign missions to audit and as we speak, between 1999 to date, that office has not audited up to 30 of these foreign missions while three quarter of these foreign missions are also revenue generating agencies?

"So, there is nobody to audit the revenue generated and the expenditure they incur.

"The office of the AGF has been short-changed and the budget has been reduced to nothing. As such, the government of the day is having a field day to carry out whatever its wants to do because they know they have an office that is not functioning," Mr. Solomon-Olamilekan said. (*Premium Times*, March 2, 2015)

Even then, if the anticorruption czar sniffs too close to the "fat cats," he is instantly slapped down, sacked, or worse. Such was with John Githongo of Kenya. He had to flee the country in 2005 because of threats on his life. Further, Kenya's judicial system often fails to work because the judges may be corrupt or may be bribed to halt or stall investigations. Anti-graft campaigners claim that over the last decades the courts have been staunch allies of those accused of corruption and that there was a long list of cases relating to corruption in the courts where judges consistently took the side of those accused of graft against investigators seeking to have them convicted. Here is an example:

One of the cases relates to Petition Number 390 which involved claims by the Kenya Anti-Corruption Commission that economic crimes were committed when Kenyan Government officials signed a deal for the supply of an integrated communication network for use by the Department of Defence.

On October 30, 2008, a judge issued a decision that had the effect of stopping the commission's investigations, arguing that the Attorney-General had offered an opinion that the original agreement between Nedermar Technology BV and the Kenyan Government complied with the laws of Kenya.

"Granted that the contract was signed in the twilight days of the previous regime (in November 2002) and the legal battle is taking place in another regime (but) the office of the Honourable Attorney-General is an institution with institutional memory, and rules of common decency demand that the office maintains consistency in its opinions and representations based on the law," wrote Justice Joseph Nyamu, who was eventually forced out of his job by a subsequent vetting board." (*The Daily Nation*, February 28, 2015)

Zambia's czar was sacked in August 2009 and, in South Africa, the Scorpions—the country's effective graft-busting unit, was dissolved in February 2008. In Tanzania, the anti-corruption czar, Hosea Williams, was himself implicated in a corruption scandal! Wait, it gets better! **"Zimbabwe Anti-Corruption Commission chief executive Ngonidzashe Gumbo, was himself jailed for 10 years for defrauding the commission of $435,000" (*The Herald*, March 4, 2015).**

Back in 1993, Ghana set up CHRAJ to investigate corruption but when it came out with a report which fingered four of his secretaries, the Rawlings regime issued a Government White Paper in February 1996 to exonerate them. Nigeria's anti-corruption czar was sent off to UK for "graduate studies" in 2007. It then set up an Anti-Corruption Academy of Nigeria, a research and training center of the Independent Corrupt Practices and Other Related Offences Commission (ICPC). In an interview, Professor Sola Akinrinade, the Provost explained,

The Anti-Corruption Academy of Nigeria is the training arm, a capacity building arm of the ICPC. The purpose for its establishment is first, to train high-level manpower for the commission and those in the anti-corruption sector to fight corruption. We need to build the capacity of individuals working in the sector.

Beyond that, there is need to engage with the larger society in creating a kind of network for people fighting corruption in different areas. We will be doing trainings for ministries, departments and agencies (MDAs) of the federal government, working with tertiary institutions and various sectors of the economy in trying to build their capacity to fight corruption locally.

Our remit is, one, train our staff, two, work with MDAs of government, run seminars, workshops and training programs. Thirdly, we will be doing research that will inform policy making in the anti-corruption fight. We believe that the fight against corruption can be more meaningful when policies are based on informed knowledge. That determines the kind of things we will be

> doing, we will be doing research and transfer of knowledge. We intend to work with similar agencies across the country." (*Nigerian Tribune*, January 25, 2015)

This is an example of pedantic and academic pronouncements that mean little. In the case of Nigeria, all sorts of suspicious administrative and bureaucratic maneuvers as well as arcane legalities were employed to thwart investigation. For example, corrupt ex-governors formed a cabal to subvert the court system as well as join the new political party, the All Peoples Congress (APC), to escape prosecution. An irate Chief Ayo Opadokun, a former secretary-general of the National Democratic Coalition (NADECO), which waged a fearless campaign for democracy against Nigeria's brutal dictator, Gen. Sani Abacha in the 1990s, said this about Dr. Bukola Saraki, the ex-governor of Kwara State, in an interview,

> The fact that a senior member of the APC leadership, namely Dr. Bukola Saraki, . . . [is] to become the President of the Senate is a major disaster and it has fundamental dimensions. . . . Nigerians should not forget that Saraki was the Governor of Kwara State. He is currently facing a criminal trial on his performance in office. What they have done is . . . succeeded, as the leading cabal of governors, to totally subvert the basic laws of the country.
>
> It is a kind of nauseating rehearsal to find that when the Economic and Financial Crimes Commission presents to the public that they are doing their job by taking them to courts, their (governors) lawyers will request for bail orally, the courts will refuse and ask them to bring papers for it. And the next time, the courts will grant them bail. When the EFCC wants to do something against them, they will secure injunctions called pronouncements halting and prohibiting any EFCC act on them. Almost 18 to 20 ex-governors are facing trial still today, and Saraki is one of them. That makes him a total misfit for that office in this period and that is part of our worries." (*Punch*, July 6, 2015)

In May 2007, the governor declared that he was worth $2 billion!

> In the Code of Conduct Bureau filings, the young governor declared that he owned properties in the UK worth 2.9 million pounds and in the US worth $4 million respectively, his assets as declared in the assets declaration forms obtained by Sahara reporters are worth $2 billion. (*Sahara Reporters*, May 8, 2007)

Under normal circumstances, if the government is working well and there is good governance, one needs only three key institutions to combat corruption:

- A free media to expose it: "He who conceals his disease cannot expect to be cured," says an Ethiopian proverb,
- An aggressive attorney-general to prosecute corruption, and
- An independent judiciary that enforces the rule of law and punishes the corrupt for all to see.

However, if the developmobile is kaput, these institutions may be dysfunctional as well. The only way to fix the vehicle and strengthen the institutions is by reforming them. As argued above, it is imperative to keep the president out of this reform process and he should never be allowed to become involved in it for this reason. These institutions are designed to check his own arbitrary use of power—a clear case of conflict of interest. If that is not possible then another constitutional reform will be necessary to establish independence of institutions and checks and balances.

Here is a test case. In February 2010, it was alleged that a private businessman, Alfred Woyome, who also styled himself as a financier of the ruling NDC government, had defrauded the government of some $31 million in judgment debt case.[42]

The case was blown open in the media when a member of the PAC, MP Ken Agyapong, questioned the payment. Upon investigation, it was discovered that Woyome had no contract with the government. The controller and accountant-general and the auditor-general did their jobs in exposing the fraud. So too did Martin Amidu, the former attorney-general, who refused to pay the judgment debt. But the president and the state prosecutor did not do theirs. Instead of following up with the prosecution, they sacked Martin Amidu in 2012.

The case eventually reached Ghana's Supreme Court, which ruled in 2014 that Woyome should only refund the money he had received from the state, plus interest. The clear message was that defrauding the state was not a crime. In other words, one could rob a bank and if one returns the loot plus interest, no crime has been committed.

Recall that the same thing happened in Nigeria in the case of Lamidu Sanusi, the former governor of the Central Bank of Nigeria. In February 2014, when he reported that some $50 billion in oil revenue was missing, it was he, the governor, who was sacked for financial recklessness and misconduct.

Weak Institutions

In the Woyome case, the controller and accountant-general, auditor-general, the media, and the PAC all did their jobs. Parliament, the president, the attorney-general, the state prosecutor, and the judicial system did not perform theirs. In fact, Parliament was the main culprit. It was not doing what it was supposed to do: guarding the public purse and demanding the prosecution of the corrupt. But Parliament has been a rubber stamp. It has been made subservient to the executive by the constitution, which allows the president to appoint the Speaker of Parliament.

In the case of Lamidu Sanusi, Nigeria's National Assembly should have demanded the reinstatement of the governor as well as a full accounting and tracking of the missing revenue. Clearly, the National Assembly was derelict in the performance of its duties.

The Solution

The first step is to take media (newspapers, radio, television) out of the hands of the predatory African state, which has used the media to control the flow of information and to conceal corruption and wrongdoing.

The second step is to remove the pervasive array of state controls which breed corruption and malpractices. It entails the removal of controls on prices, exchange rates, imports, exports, rents, and others. These controls did not exist in Africa's own indigenous economic system in the first place. Such measures would liberalize the economy by taking economic power out of the hands of the state and giving it back to the people where it rightly belongs. Incidentally, this is partly what Structural Adjustment Programs were intended to do in the 1990s.

Third, combating corruption will require following the accountant-general, auditor-general, and attorney-general reports and taking action where there has been financial malfeasance.

Fourth, the crackdown on corruption may be outsourced. Guatemala sought the help of a UN agency (International Commission against Impunity in Guatemala or CiCiG) and was able to indict several high-ranking government officials—even the sitting president, Otto Molina, for corruption (*The Wall Street Journal*, September 12, 2015; A1). It is an approach Mexico and Honduras also seek to adopt. Perhaps, African countries need to follow suit.

REVIEW QUESTIONS

1. What is meant by "reform" and why is it important for African development? (20 points)

2. What type of reform is needed and in what sequence? (20 points)

3. Explain what is meant by "good governance." (20 points)

4. Which are the seven critical institutions of government? Explain what happens if one particular institution—say, the judiciary—is dysfunctional. (20 points)

5. Explain why changing the "driver" or the president is not enough for the development journey. (20 points)

6. How has military performed in postcolonial Africa? (20 points)

7. Why do African programs remain intractable or difficult to solve? (20 points)

8. Why has little progress been made in the fight against corruption? (20 points)

9. How effective have been the anticorruption commissions? (20 points)

10. For an effective campaign against corruption, which institutions should be the primary focus? (20 points)

Chapter Nine

THE NEW DEVELOPMENT MODEL

"Without a culture, you are not a human being, you are an animal.
And therefore the chieftaincy institution is the guarantor of our culture."

—Fon Abumbi II, of Bafut, the largest fondom in Cameroon
(*African Leadership Magazine* Blog, June 18, 2015)

"This continent has suffered too much. . . . We need the assistance and commitment of . . .
young leaders to continue to speak up on behalf of the poor and the marginalized,
and seek a better life for all."

—Archbishop of South Africa Desmond Tutu
in an Open Letter to Africa's Present and Future Leaders
April 2007 (*Pambazuka News*, February 20, 2008)

Introduction

It may be recalled from the previous chapter that development is akin to embarking on a journey in a vehicle. We described Africa's development scenario as follows: bad driver, bad vehicle, bad roads, and angry passengers fed up with lack of progress. It may also be recalled that to fix Africa entails a four-step reform process: changing the driver, fixing the vehicle, cleaning up the environment, and devising a new development strategy or roadmap. This chapter seeks to draw up such a strategy once the initial three steps have been taken.

The fourth step requires laying down a *development strategy* to get from point A (state of underdevelopment) to point B (developed state) *faster*. Admittedly, each African country is "different" and one size or strategy may not fit all. But there are enough commonalities to delineate what should *not* be done. It should be obvious that the appropriate development strategy cannot be the failed "import-substitution" industrialization strategy of the 1960s.

However, before discussing appropriate development strategy, which is how to get to our destination faster, it is important to begin with the assumption that our vehicle has been fixed and is in good running condition. If not, then whatever system is malfunctioning must be repaired before continuing the journey.

The New Development Strategy

It is important to restate the object of development, which is to raise the standard of living of the average person on the street. As we pointed out in Chapter 1, a distinction must be made between economic growth, which is straightforward increases in the GDP, and economic development. The latter, in addition to economic growth, includes everything else that improves the standard of living, which is measured by income per capita. Thus, access to clean water, electricity, healthcare, clean air, income distribution, inflation, unemployment, crime, as well as other factors all affect the standard of living. Therefore, it is quite possible for a country to have economic growth without development. Countries such as Angola and Nigeria fit this case. They have grown rapidly, but because the result has been extreme income equality and lack of access to basic social services, the vast majority of their populations remain in poverty.

Clearly, a new development strategy must be one that seeks to improve the standard of living of the poor, not the vampire elites. Thus, this new strategy must be pro-poor and induce growth patterns in those areas and sectors where the poor are numerous. This sounds so obvious, but as we shall see shortly, this was never done in the sixty years of postcolonial development.

The Poor Sectors

To improve the standard of living of the poor requires pursuing policies and growth strategies that positively impact sectors where the poor are numerous. An African economy consists of three sectors: traditional or rural, informal or transitional, and formal. The traditional and informal sectors are homes of the vast majority of the poor people of Africa—the peasants. They produce Africa's real wealth—cash crops, minerals, etc. Agriculture is their main occupation. The informal sector, erroneously castigated in economic literature as a haven for tax evaders, is, rather, a vibrant sector, bustling with entrepreneurship. It can serve as a dynamic engine for growth.[43]

By contrast, the formal sector—the seat of government—is the abode of the parasitic ruling elites. It is bloated, slow to move, and riddled with waste, inefficiency, and graft. This sector is lost, dysfunctional, and collapsing. It is non-reformable because the ruling elites are loath to reform it as they benefit from the rotten status quo:

> Beyond the rhetoric, the Angolan oligarchs around the presidency, the party and the military show very little interest in investing in productive sectors. They prefer to put their money in foreign real estate and investment portfolios, not local industry and agriculture. (*The Africa Report*, December 3, 2014)

The modern sector has been the source of most of Africa's problems, the center of the power struggles that spill over and engulf the other sectors, claiming innocent victims. Certainly if one wants to lift the poor from poverty in Africa, the informal and traditional sectors would be the primary focus of development policy and action because those are the areas where the vast majority of the African poor can be found. But the traditional and informal sectors were precisely the sectors the ruling elites castigated as "primitive and backward" and ignored in the postcolonial era.

The elites channeled much of the development resources and foreign aid to develop the modern sectors where they lived. Over 70 percent of Ivory Coast's development, for example, was concentrated in Abidjan, the capital city. In Kenya, the capital city of Nairobi received far more attention than the informal sectors. The elites built supermarkets and malls for themselves. What about the poor? Consider the Wakulima Market in Nairobi where the poor shop and do their business. After thirty years of neglect, it was finally cleaned up:

> Workers at Kenya's main market killed 6,000 rats, trucked away 750 tons of garbage, and sucked 70 tons of human waste out of latrines in three days of the first major cleanup of the market in 30 years, a government minister said. The Wakulima Market, which supplies fresh food to most of Nairobi's three million residents, was a public health hazard, with rubbish piling up seven feet deep in some places, said Local Government Minister Musikari Kombo, who ordered the closing of the market for cleaning last week. "We were lucky to be spared a major outbreak of disease," he said. City workers used more than 42,000 gallons of water in the cleanup operation, he said. (*The New York Times*, January 5, 2005; A6)

In other African countries, the ruling elites did worse than just neglect informal and traditional sectors. In Ghana, the Marxist regime of Flight-Lieutenant Jerry Rawlings denounced indigenous markets, which had been in existence for centuries, as dens of economic profiteers and saboteurs. It slapped stringent price controls on hundreds of goods during the 1981–1983 period, as we saw in Chapter 4. Price inspectors were employed and Price Control Tribunals were set up to hand down stiff penalties to violators. Markets were burned down and destroyed in several cities when traders refused to sell at government-dictated prices.

In Zimbabwe, as we saw in Chapter 4, paramilitary units armed with batons and riot shields smashed up stalls of street traders on May 18, 2005, as they targeted the huge informal sector in a police operation in the Zimbabwean capital of Harare. The official statement claimed that the raids were aimed at black market profiteers who were hoarding commodities.

"'Police will leave no stone unturned in their endeavor to flush out economic saboteurs,' Police Chief Superintendent Oliver Mandipaka told the state media" (*The New York Times*, May 24, 2005; A8). The police chief said informal business operators had been arrested and fined for operating without licenses or possessing scarce staple items such as maize meal, sugar, and petrol intended for resale on the black market. The police destroyed thirty-four flea markets, netted some Z$900m ($100,000) in fines, and seized some Z$2.2 billion of goods.

Such economically inane policies did not help the poor but rather destroyed their livelihoods and homes. Concerned by the adverse impact of the operation on the lives of the urban poor, the Secretary-General of the United Nations appointed a Special Envoy on Human Settlement Issues to assess the situation and present recommendations. Its report noted that: "Some

700,000 people in cities across the country lost either their homes, their source of livelihood or both. Indirectly, a further 2.4 million people had been affected in varying degrees. Hundreds of thousands of women, men, and children were made homeless, without access to food, water and sanitation, or health care" (UN, 2005b; http://www.un.org/News/dh/infocus/zimbabwe/zimbabwe_rpt.pdf).

The neglect of the traditional and informal sectors had dire economic consequences. Africa, which used to feed itself and export food in the 1960s, was spending over $37 billion on food imports by 2014. Consider Angola for example: "Agricultural investment consumes an estimated 1% of the country's budget, much of it on big agribusiness projects, but it has failed to produce many jobs or crops" (*The Africa Report*, December 3, 2014).

Africa's foodstuffs are produced by peasant farmers—mostly women—in the traditional and informal sectors, which were repeatedly buffeted by neglect and government-induced adversities. First, African governments scarcely gave any attention, much less assistance or incentives, to these sectors. Second, the alien economic and political systems Africa's nationalist leaders and elites transplanted into Africa failed to work—a double whammy. Third, the marauding statist interventionist behmoth destroyed Africa's productive base by imposing price controls, which killed incentive to produce and created artificial shortages. Black markets, which never existed in traditional Africa, suddenly emerged, providing rich opportunities for rent-seeking activities and illicit enrichment through bribery and corruption. Civil servants invented "shortages" of application forms in order to extract a bribe. Recall that import and exchange controls were the most lucrative. Ministers demanded a 10 percent commission before issuing an import license. The rest is history.

The assault on the traditional and informal sectors hardly made sense. Perhaps, to some benighted elites, development meant the absence of these sectors and, therefore, they must be destroyed. Such was the mentality of former Ugandan Agriculture Minister Kibirige Ssebunya, who demanded that "all the poor should be arrested because they hinder us from performing our development duties. It is hard to lead the poor, and the poor cannot lead the rich. They should be eliminated" (*New Vision*, Kampala, December 15, 2004). Rather, it was the minister whose job needed to be eliminated. He took the meaning of development too literally. Developed countries have few poor people; therefore, in his mind, to develop, the poor should be arrested or eliminated.

Even more maddening, in 2012, the elites suddenly discovered that the traditional and the informal sectors of the economy were important after all, and the poor made great contributions to GDP. So in 2012, Ghana rebased its economic statistics and claimed that, taking into account activities in the two sectors, which were often missed, would raise its GDP by as much as 60 percent. According to *BBC News* (December 8, 2012),

> To calculate GDP in countries where data is sparse like Ghana or Nigeria, government agencies select a "base year"—a year when unusually good data on the economy is available. They then add on the extra data they collect each year to get a rough idea of economic growth. In 2010, Ghana changed its base year from 1993 to 2006, and this led to a jump in GDP and the conclusion that, in previous estimates, about $13bn (£8bn) of economic activity had been missed. As a result, Ghana was upgraded from a low-income to a lower-middle-income country.

Hot on its heels came Nigeria in 2013, claiming that a similar exercise makes the country's economy the largest in Africa, surpassing South Africa's. One is tempted to question the wisdom of such statistical gymnastics and if they improve the standard of living of the poor. But this should not be rocket science.

Take what is there—in Africa's own backyard—and build upon, improve upon, or modernize it. What is there is Africa's own indigenous economic heritage of free village markets, free enterprise, and free trade. The crying needs of these sectors are for health care, electricity, sanitation, and communications. As we shall demonstrate shortly, these are really business opportunities for the elites. More importantly, if the parasitic elites were to make their wealth in these two sectors by making them work more efficiently, rather than in government through corruption, they would be saving their own hides, because, come a change of government, they won't be hauled before commissions of enquiries or tribunals to explain how they made their wealth.

It is worth repeating that the traditional and informal sectors, where the poor are, need to be developed—not neglected or destroyed. That should be the command to Africa's ruling elites.

To be fair, the elites in Ghana made an effort to build a market for the poor but then they bungled it:

> The over 2 billion cedis ($220,000) worth market of stalls and sheds complex built at the Ho Central Market, under

ASSIP, a World Bank-funded Project, has remained a white [black] elephant two good years after its completion.

This is because the traders, many of whom are women, have refused to use the facility, citing small shed sizes and high rent charges by the Ho Municipal Assembly.

The market women say they consider the registration fees of between 400,000 and 1 million cedis for shed and stalls respectively, plus a monthly rental of 20,000 cedis too exorbitant for rural market women, whose overall business capital may be just a few hundred cedis.

In an exclusive interview, the Ho Central Market Queen, Madam Mansah Dagbey, expressed some concerns of the traders, some of which were that the Municipal Assembly did not involve them before it arrived at those fees, adding that the market women regard those acts of the Assembly as not only exploitation but also an imposition.

She contended that in spite of the large revenues collected from them over the years, the market still lacked basic amenities, such as water and electricity, and threatened that they would be compelled to kick against the payment of levies if they remained in that state without those basic amenities.

Responding to the women's claims, a Senior Revenue Superintendent at the Ho Municipal Assembly, Mr. C. K. Bodza, revealed that the traders' refusal to make use of the over 200 stalls and sheds was costing the assembly monthly revenue losses running into several millions of cedi.

Contributing, some Assembly members, who pleaded anonymity, stressed that there is a lot of graft at the Assembly. The members were not pleased that some individuals owed up to 10 million cedis in Poverty Alleviation loans they collected and wondered what the hell the Assembly was doing to retrieve the monies, which must have run into billions of cedis. (*The Ghanaian Chronicle*, February 16, 2006; 9)

Too many projects were crafted and funded with World Bank funds, without even bothering to consult or seek the input of those the projects were intended to benefit. Worse, graft appeared to have scuttled the whole project. Assembly members helped themselves to Poverty Alleviation loans intended for the poor rural folks and failed to pay them back. They then resorted to exorbitant market rentals in order to recoup the funds they had squandered.

Clearly, any initiative that seeks to help the poor in Africa must seek their input. The "we-know-best" attitude, also often displayed by foreign charities, can be patronizing and unproductive. Further, their traditions and institutions need to be respected, which also requires an operational understanding of how the traditional and informal sectors work. They do not operate by the same principles and logic as the modern sector. Developing the informal sectors is not very complicated. As noted above, it simply entails improving or building upon what already exists—free village markets, free enterprise, free trade, etc.—and, not supplanting them with borrowed systems that do not fit into the sociocultural milieu.

Traditional/Rural Africa

Traditional Africa works—albeit at a low level of efficiency—and has sustained its people for centuries. The poor peasant majority may lack formal education, but they are hard-working and enterprising. A careful study of their "primitive" societies reveals an astonishing degree of functionality, participatory forms of democracy, rule of customary law, accountability, and free enterprise, as we saw in Chapter 5. Thus, the constitutional articles, principles, and economic institutions Africa needs to develop are already there—in traditional Africa. Africa does not need to copy from Jupiter. The continent is already littered with putrid carcasses of failed imported systems. Said *The New York Times* (June 21, 1994):

> Everywhere the point is the same: Africans cannot just transplant foreign models, like the [Western] parliamentary system, and hope it will take root in native soil. "It's a mistake to copy Western democracies because it's artificial," observed Cyril Goungounga, an engineer and national assembly deputy in Burkina Faso. "Look at the US. You elect a president. He's in office for four years, eight years. Then he's out. That's what the Constitution says. We have a Constitution too," he said. "But it doesn't work. It's just a piece of paper. Because we have two civilizations here. The Western one on top, where everything is fine and differences are submerged in talk of national unity. And a parallel one underneath, an African one, where ethnic groups are a reality." (A8)

There are all sorts of industries in traditional Africa: metal ware, pottery, glass, iron working, gold, silver mining, basketry, leatherworks, woodwork, clothing, and others. Craftsmen, artisans, goldsmiths, and blacksmiths produce all types of goods. In many traditional communities, the craftsmen organize themselves into guilds. There are guilds of carpenters, masons, wood workers, potters, weavers, glass makers, iron ore miners, blacksmiths, and silversmiths. With a little reorganization, these craftsmen could become important

exporters of non-conventional goods (Ayittey 2006, Chapter 8).

Most Western tourists leave Africa laden with an expansive collection of cultural artifacts: wooden drums, carvings, musical instruments, kente strips, basketry, bark cloth, etc. The poor in Africa have skills in producing these items. With a little capital and reorganization, these items can be produced more efficiently for export and provide the poor with a steady source of income.

The real challenge after independence in the 1960s was to launch African development under indigenous impetus, by modernizing its indigenous institutions—as the Japanese did to theirs to make them more efficient. Apart from Botswana, African nationalist leaders and elites never met this challenge elsewhere in postcolonial Africa. As discussed in Chapter 6, foreign systems and paraphernalia were aped because they were "modern." Traditional Africa was shunned and the peasants held in contempt by the elites. Peasant agriculture was dismissed as an inferior form of occupation. As such, no *organic* development took place from the bottom-up. Instead, what occurred in postcolonial Africa was "development-by-imitation."

The Informal Economy: The Home of Peasant Capitalism

In June 2002, the International Labor Conference (ILC) defined the informal economy broadly as referring to "all economic activities by workers and economic units that are—in law or in practice—not covered or insufficiently covered by formal arrangements." The broadened term—"informal economy" rather than "informal sector"—took account of the considerable diversity of workers and economic units, in different sectors of the economy and across rural and urban contexts that are particularly vulnerable and insecure (ILO, 2009; 4).

A cursory look at Africa's roadsides reveal food vendors and petty traders hawking a variety of goods—ranging from kenkey, fish, toilet rolls, and dog chains to bread and even puppies. Then there are tailors, artists, sculptors, and artisans who make various items such as carvings, iron gates, furniture, sweeping brushes, and clothes in their homes and then take them to the roadside to set up shop.

Some hawkers arrive after traveling long distances on foot and perform a delicate balancing act: basins or baskets on their heads while handing out change to customers. Some come pushing small hand-carts, laden with vegetables, yams, potatoes, etc. A goat on a leash has dug its hooves into the ground, refusing to be dragged. Fresh eggs, fruits, vegetables of all types in sacks or cane-work baskets are available. This can only be described as peasant capitalism, and it has been flourishing spectacularly in the rural areas and informal sectors of all developing countries.[44]

In the rural areas, peasant or small-scale farmers are still a fixture in today's globalized world. The informal sector bustles with economic activity. The vibrancy, buoyancy, and even the chaos are particularly eye-catching. One remarkable aspect of the informal economy is how commodities can be sold in the tiniest unit to meet the pockets of the poor. Sugar can be purchased by the cubes or lumps. Rice can be sold by the cup and cigarettes can be purchased by the stick.[45]

Washington Post reporter Stephanie McCrummen interviewed one such informal entrepreneur, Omer Waka, who for twelve years had competed in the informal economy in Kinshasa, DR Congo. He had hawked soccer balls, brooms, watches and belts, sunglasses, clocks and rainbow feather dusters.

> But visiting the wholesale market one recent Friday, he had a feeling about the 2007 calendars, one airbrushed with Jesus, the other with the Taj Mahal.
>
> He took his savings, all $8 of it, and bought 10, figuring that he would sell the bunch on the street for $16 and that today he would eat.
>
> "We're pulling into December, and I thought people would like these," said Waka, 31, a trained mechanic who has tried and failed to find work as a mechanic, as a driver, as a guard, as anything in a city where regular paying jobs are almost nonexistent." (*Washington Post*, December 7, 2006; A19)

Such has been the way of life for decades in Congo, a country with immense mineral wealth whose people are nonetheless ranked among the poorest in the world.

> For the vast majority, however, day-to-day life exists on the margins, without access to credit, without banks, without insurance, beyond any government regulation or benefit, beyond even any physical structure.
>
> In Kinshasa, if you have a chair, some scissors and the sprawl of a mango tree, you have a barbershop. One recent Friday, the street hawkers began their daily orbit around the city at dawn, selling bags of water, toothpicks and orange blossom air fresheners. Waka was among them, and by midmorning he had sold a couple of Taj Mahals, but others were not so lucky." (ibid.)

These people are very hardworking and entrepreneurial, and must be admired because they are not wards of the government. Theirs is a daily struggle for survival. Such people—working for cash, mostly untaxed and unregulated and often with no permanent workplace—make up what economists call the "informal economy." According to Kamdima and Nkunika (212), "Largely Sub-Saharan African economies are informal sector economies with a range of 20 to 90 percent employed in the informal sector for Botswana and Mali respectively" (6).

Within the informal economy, trade activities, including street vending and ambulant trading, are the most important segments in Africa, usually constituting half and sometimes up to 75 percent of employment (World Bank, 2009). The sector has also been stated to be more female-dominated than the formal sector. According to Boner and Spooner (2011) the sector employs more than 60 percent of the female workforce in the developing countries, rising to 84 percent in Sub-Saharan Africa. Comparatively, it is estimated that informal employment comprises about 65 percent of non-agricultural employment in developing Asia, 51 percent in Latin America, 48 percent in North Africa and 72 percent in Sub-Saharan Africa (ILO, 2009; 8).

A senior lecturer at the College of Agriculture and Consumer Sciences of the University of Ghana, Legon, Dr. Owuraku Sakyi-Dawson, speaking at Development Seminars series at the British Council organized by the Institute of Statistical Social and Economic Research (ISSER) and Merchant Bank Limited in August 2007, observed that

> Ghana's rapidly growing informal sector is estimated to be 84.6% of the economically active population, increasing from 78.9% in 1987/88 to 86.3% in 1998. The sector's main activities include trading; 26.6%, transportation, agriculture; 47.9%, food processing, manufacturing; 6%, community services; 7.9%, construction, credit facility provision, etc. The sector is dominated by women and is more urban (61%) than rural (39%) and contributes between 20–40% of Ghana's GDP.

The informal sector was the focus of de Soto (2000):

> Street-side cottage industries have sprung up everywhere, manufacturing anything from clothing and footwear to imitation Cartier watches and Vuitton bags. There are workshops that build and rebuild machinery, cars, even buses. The new urban poor have created entire industries and neighborhoods that have to operate on clandestine connections to electricity and water. There are even dentists who fill cavities without a license. . . . This is not just a story of the poor serving the poor. These new entrepreneurs are filling gaps in the legal economy as well. Unauthorized buses, jitneys, and taxis account for most of the public transportation in many developing countries. Vendors from shanty towns supply most of the food available in the market, whether from carts on the street or from stalls in buildings they construct. (28)

Hernando de Soto's complaint was that the poor have assets, but because they have no legal titles to them they cannot be used to secure capital or loans from commercial banks. He estimated this "dead capital" to be $9.3 trillion. If only the informals could be brought into the formal legal property system, this dead capital would be unleashed. De Soto's campaign, then, was to get governments in the developing world to undertake legal reform and extend property rights to the informals. But this was not a proposition that the ruling predatory elites would embrace. As noted above, they have such rabid contempt for the informals because they are "filthy," live in the "slums," their activities are such an "eye-sore" and—most important of all—the informals do not pay taxes for the ruling elites to loot.

On the contrary, these "informals" are to be admired. They toil with sweat pouring down their faces, pushing carts, carrying goods on their heads, and walking long distances. Again, it is important to emphasize that the economic system here is peasant capitalism. They raise capital to run their small businesses, which are mostly household or family-owned, on their own volition, not under orders from the government. Theirs is a daily struggle for survival. If these strictures about peasant capitalism and the informal sector are being belabored, it is for a reason.

All too often in Africa, some culturally and economically illiterate ruling elites emerge, aided by some crackpot despots, to denounce markets as "Western institutions" and set out to ban or destroy them. As noted above, they also hold the informals and their activities in contempt.

But consider education for example. The failure of state education has caused a private-school boom.

> According to the World Bank, across Africa, a fifth of primary-school pupils are enrolled in private schools, twice as many as 20 years ago. So many private schools are unregistered that the real figure is likely to be much higher. . . . Across the highway from the lawns of Nairobi's Muthaiga Country Club is Mathare, a slum that stretches as far as the eye can see. Although Mathare has virtually no services like paved streets or sanitation, it has a size-

> able and growing number of classrooms. Not because of the state—the slum's half-million people have just four public schools—but because the private sector has moved in. Mathare boasts 120 private schools. . . . A census in Lagos found 12,000 private schools, four times as many as on government records. Across Nigeria 26% of primary-age children were in private schools in 2010, up from 18%. . . . In Liberia and Sierra Leone around 60% and 50% respectively of secondary-school enrolments are private. (*The Economist*, August 1, 2015; 9)

The state-run schools may be unkempt and poorly organized. If so, then clean them up, organize them better. This is exactly what Dr. Muhammad Yunus did with the Grameen Bank in Bangladesh in 1978, attempting to fix a problem at the informal unit of the sector level (difficulty in obtaining credit), igniting a revolution in microcredit finance and earning him a Nobel Prize in the bargain.[46]

More importantly, the informal sector has always existed in the West where great inventions and technological strides were made. Inventors tinker with their gadgets and contraptions in their garages or backyards. Entrepreneurs craft new products, produce prototypes, improve upon them in their homes, basements, and backyards. They then test-market them among relatives and friends before releasing their products to the market. Basement tinkering, garage sales, backyard sales, flea markets, farmers' markets, and fish markets are all part of the informal sector in the West. And hundreds of thousands of inventors, entrepreneurs, manufacturers, and computer scientists started out this way in the West. Among them may be mentioned Alexander Graham Bell, Henry Ford, Bill Gates, etc.

Henry Ford did not start out by setting up a large corporation with a stellar board of directors and a listing on the New York Stock Exchange. He started out with small experiments and testing small internal combustion engines in the *informal sector!*

Raising Capital/Microcredit

In the rural and informal sector, capital funds are generally scarce. There are banks, but banks are hardly an option for the poor since banks demand residential or postal addresses which the poor do not have, as well as collateral. Before opening accounts, banks also demand a minimum deposit of 50,000 cedis in Ghana, as well as evidence of regular income, impossible for most petty traders (who keep records in their heads) to provide. To secure their initial start up capital for their fishing and commercial operations, the poor turn to two traditional sources of finance: the "family pot" and a revolving credit scheme, called *susu* in Ghana, *esusu* in Yoruba, *tontines* or *chilembe* in Cameroon, and *stokvel* in South Africa.[47] The second option is most popular with peasants as we saw in Chapter 5. They still secure their capital through their revolving credit schemes. This was found to be the case in Cameroon in 2002:

> Local tontines in Cameroon, small, informal savings and loan associations, are proving to be still the main grassroots financing system. The people handle about 90 per cent of their financial transactions through them. By comparison, the formal and semi-formal finance sector, meaning commercial and savings and loan banks, achieves a volume of only about 10 per cent of national loan business. (https://www.fairobserver.com/region/africa/tontines-informal-financial-sector-and-sustainable-development-cameroon/)

In Ghana, the majority of susu clients, 70–90 percent, are women. They are mostly petty traders and have difficulties with satisfying the banks' conditions for accepting customers. "Women prefer the susu scheme because other forms of banking services are closed to them," says Sarah Ocran, a gender and development officer with the Third World Africa Secretariat, an advocacy nongovernmental organization in Accra (*Public Agenda*, [Accra], May 29, 2001).

Ghanaian journalist George Koomson provided a riveting account of another variation of the susu scheme that has been transformed into a saving scheme among petty traders in Ghana. Doing susu or making susu means giving money regularly to a collector for safekeeping with the aim of accumulating a targeted amount of money, often for a specific purpose: to purchase a capital or consumer good or to pay for some needs. Susu collectors make daily rounds among the petty traders, who may give according to their means. The daily savings handed to a collector may range from a modest 1,000 cedis to a high 50,000 cedis ($5). If a client chooses 1,000 cedis, she must give the collector the same amount for at least thirty-one days. At the end of thirty-one days, clients are entitled to take their entire savings, minus a day's contribution, which is retained by the collectors as their commission. Susu clients do not earn interest on amounts saved.

Susu serves important functions. First, it protects daily earnings from competing claims and ensures that there is working capital to restock supplies at the end of the month. Second, susu rewards the hard-working. One can only borrow or "collect" if one pays in, and

one can only pay in if one works hard. "One woman, Esi Amissah, 45, who operates an eating place for example, operates four different types of susu accounts. She reportedly uses one to pay for utility bills, the second for her four children's school fees, the third for supporting her business, and the fourth for unexpected expenses" (*Public Agenda*, Accra, May 29, 2001).

Money collected by susu collectors is disbursed as advances or payment to those whose payments are due. Money that is not disbursed is checked, and kept locked up in the susu collector's house or stored, usually in box or a compartment, until he is able to take it to the bank, usually the next day.

The World Bank (2009) estimates that only 2 percent of the world's poor have access to formal banks that offer a range of financial services. In Africa, the lack of access to financial services can be particularly onerous. A Chicago-based Opportunity International has been attempting to provide a network of for-profit commercial banks for the poor in countries from Zambia to Ethiopia:

> In Ghana, an initial three branch banks have attracted $2.1 million in deposits and established a $6 million loan portfolio in their first 18 months, said Benjie Montemayor, who heads Opportunity International's network of commercial banks in Ghana.
>
> Ghana's legions of small traders are some of the bank's biggest customers. By banding together to co-sign on loans for each other, they can get credit without collateral.
>
> Rebecca Anderson, 52, an auto spare parts dealer, said she had used her loans to amass a $5,500 stock of spare parts and now made enough profit to put her oldest daughter through medical school. (*Chicago Tribune*, May 29, 2006)

In South Africa, the Grameen Bank operations have been replicated by the Small Enterprise Foundation (SEF), which began operations in 1992 in rural areas where some 64 percent of the population lives below the poverty line and some 30 percent below half the poverty line. Its modus operandi is group-based microcredit. In group-based lending, personal guarantees among a small, five-person group replace the conventional lending requirement for collateral. Since inception SEF has disbursed in excess of 57,000 loans while maintaining an excellent recovery performance of less than 0.1 percent bad debts over this period. Currently SEF serves 12,500 poor clients.

For the urban jobless, however, community ties are weak and peer pressure may not be sufficient to ensure repayment. Accordingly, a slight variation of the Grameen model was developed by Start-Up Capital, a charity based in Cape Town, South Africa. Would-be borrowers must pass through a five-day basic business course known as "township MBA," and put up 100 rand (or $10) of their own money as a surety. After that, they can borrow 300 rand and, if they repay this on time, they can raise ever-larger loans. The borrowers' business plans are not scrutinized, as that would require too much administrative manpower. Thus, Start-Up Fund's overheads are low: two staff with computers deal with 15,000 customers. Combined with fairly high interest rates (3.25 percent per month), the surety fund covers what few bad debts there are, and pays for the township MBAs as well. Most borrowers are women, and four-fifths of those who pass through the scheme are soon either employed or self-employed. "Now that the organization makes a profit, its director, Tony Davenport, has started to raise capital from investors instead of donors" (*The Economist*, October 31, 1998; 42).

Sadly, only Botswana returned to its traditional roots and built upon its indigenous institutions. Not surprisingly, "Only one African country, Botswana, has consistently been well governed since independence. Not coincidentally, average incomes in Botswana have grown faster than anywhere else in the world in the past 35 years, from bare subsistence to over $3,000 a year" (*The Economist*, January 17, 2004; Survey, 4).

Said President Festus Mogae in 2006: "Since independence, per capita income has risen from $60 to $4,800 a year, 7,000 miles of roads have been paved, and the literacy rate has expanded from 7 to 90 percent" (*The Washington Times*, October 19, 2006; A15).

This of course does not mean Botswana has no problems, *Business in Africa* (September 28, 2006) highlighted some of Botswana's problems:

> "Wealth distribution is a problem that has to be addressed," says Investec Asset Management economist Alphonse Ndzinge. "There are huge disparities between the wealthy class and those in the lower income group." An estimated third of the 1.7-million-odd population lives below the poverty line.
>
> The success of the diamond mining industry, the backbone of the economy, is also partly the reason for Botswana's unemployment figure, estimated to be anywhere between 24 and 40 percent.
>
> "The diamond industry is capital intensive, not labor intensive," says Ndzinge. "It does not create jobs." . . .
>
> "Look at me, I have a tertiary qualification yet I am driving a taxi," complained Goodwill Moswang, 26. He

completed a university diploma in computer science and applied for many jobs in vain. "There are many others in my shoes. They have qualifications but they mow lawns for a living."

The Botswana government has adopted a strategy recently to expand and improve the technology, manufacturing and financial services sectors. Private money is being invested to create a local diamond polishing and cutting industry, while government loan schemes seek to encourage entrepreneurship.

Dewah, executive director of the Botswana Confederation of Commerce, Industry and Manpower, said the economy is too small and undiversified to create jobs, adding: "We have a problem of educated unemployment."

The country has an 80 percent failure rate for new businesses. "Those who have ventured into manufacturing have failed," said Dewah. "This is a high-cost economy, it is landlocked, and it has a small domestic market." (http://www.sundaystandard.info/"poverty-hand-hand-wealth")

Nonetheless, Botswana has Africa's best credit grading and has been rated the continent's least corrupt country. It ought to be the "African model" that should be replicated across the continent—from Zimbabwe to Nigeria. It is preposterous to seek to establish a "Marxist–Leninist" state in any African country. Marx and Lenin bear no relevance to indigenous African heritage.

As was explained at length in Chapter 4, Botswana was the only African country that went back to build upon its own indigenous African participatory democracy. In the indigenous form, decision-making was by consensus in the village meeting called kgotla. The modern version not only required cabinet ministers to attend weekly kgotla meetings but also to explain government development projects to the people. This set up allows government officials to be questioned and held accountable.

Development and Investment Strategy

"The military treated the chiefs as average citizens. The chiefs really want to participate in the democratic process. In order to have free and fair elections, you need those chiefs. The chiefs are also necessary to the process of peace-keeping and crime prevention. So Akwa Ibom is relatively peaceful and calm and has a lower crime rate than other states. I admire the fact that the current government has successfully integrated the local chiefs into the democratic process in Akwa Ibom state."

—Dr. Allison Anadi, Director of Criminal Justice Graduate Program at Southern University (Baton Rouge, Louisiana), and a Nigerian from the state of Anambra (*The Washington Times*, November 29, 2005; A10)

A distinction must be made between a development and an investment strategy. A development strategy or model is primarily concerned with how best or how fast can income per capita be raised. A model can be constructed from the top down or from the bottom up. It may be centered in the urban or rural areas. It may also include or exclude the participation of local chiefs, and so on.

An investment strategy, on the other hand, assumes that one already has a developmental model and a certain amount of funds to invest. Thus, the primary question would be where to invest the funds. Which sector industries or activities—food preparation, transportation, fishing, telecommunications, auto mechanics, etc., is the best place to invest?

In Ayittey (2005, Chapter 10), a detailed development model, the "Atinga development model," was constructed. The bare outlines of that model are laid out in this section. The focus and object of economic development is to raise the living standard of the "average African." He is not an elite. He is a peasant—an illiterate, poor, and rural person, whose primary occupation is agriculture. In Ayittey (2005), he was called Atinga; hence, the Atinga development model.[48]

The elites, on the other hand, were more obsessed with industrialization, missile technology, and nuclear power than with Atinga's peasant agriculture. Arrogantly, they then later marched off to "educate" the Atingas about "modern and scientific" farming techniques while feeding them empty revolutionary slogans. That approach failed Africa miserably.

The new development model places Atinga full-square at the center and starts from the bottom-up, rather than the old top-down approach. It seeks to liberate the Atingas from the chains of tyranny, exploitation, oppression, poverty, and disease that vampire elites have shackled them with.

The model does not seek to impose any foreign ideology or system on the peasants but rather improve upon what they already use. The peasants have been farming for centuries and there is a treasure trove of valuable knowledge embedded in their traditional system that can be extracted. Africa's salvation does not lie in blindly copying foreign systems but in returning to its own roots and heritage and building upon them. Said Robert Guest, editor of the Africa region for *The Economist* magazine,

When Japan's rulers decided in the nineteenth century that they had to modernize to avoid being colonized they sent their brightest officials to Germany, Britain

> and America to find out how industrial societies worked. They then copied the ideas that seemed most useful, rejected the Western habits that seemed unhelpful or distasteful, and within a few decades Japan advanced enough to win a war with Russia—the first non-white nation to defeat a European power in modern times.
>
> Japan's example should be important for Africa, because it shows that modernization need not mean Westernization. Developing countries need to learn from developed ones, but they do not have to abandon their culture and traditions in the process. Africans face the same challenge now that Japan faced in the nineteenth century: how to harness other people's ideas and technology to help them build the kind of society that they, the Africans, want. (Guest 2004, 23)

After a decades-long spate of blind imitation of foreign models, African leaders and elites now realize that they do not have to reject their traditional heritage in order for Africa to develop. The Swahili word for this concept is *majimbo*. It stands for the idea of local initiative and trust in traditional wisdoms. The same idea is conveyed by the mantra *African renaissance*. "We've been promoting the use of traditional methods to solve conflicts," said Henry Anyidoho, the deputy political head of the joint UN–African Union peacekeeping mission to Sudan. "You see all over Africa, where that system is broken, you have problems. Where that system is in place, you have no problems" (*Washington Post*, July 5, 2008; A8).[49]

The poor in Africa are found in the informal and rural sectors, which must be the focus of any credible development model. The mainstay of the rural sector is agriculture, which employs some 70 percent of the total labor force in most African countries. If the focus is on the rural sector, then an investment strategy might seek to boost food production. Even NEPAD recognized this by emphasizing that "agriculture will provide the engine for growth in Africa" (*Africa Recovery*, January 2004; 13).

Recall that in 2014 Africa was spending $37 billion on food imports. If agriculture can be boosted so that Africa can feed itself, what is wasted on food imports can be devoted to fixing Africa's crumbling infrastructure.

The important considerations in this endeavor are practicality, functionality, economy, and results. If a peasant farmer produces 100 bushels of corn (maize), the object of development is to help him produce 1,200 bushels. How the increase in output is achieved—whether through the application of animal manure or chemical fertilizer—is absolutely immaterial. Similarly with fishing. The object is to land more fish. By what technique more fish are landed is absolutely immaterial because to a starving person it makes absolutely no difference whether the fish on his plate was caught by a primitive dugout canoe or modern nuclear-powered trawler. The reason why such an obvious point is being belabored is that pompous African elites often seek complicated solutions to simple problems. Some would even insist that a fish caught by a modern trawler tastes better than one caught by a dugout canoe!

The Village Development Model

A rural development model starts at the village level with the assumption that there is peace, order, and economic freedom—that is, the country is not wracked by conflict and the Atingas are free to produce what they want, sell wherever they want, at whatever prices they choose to charge. Recall that these prerequisites existed in their own traditional system as we saw in Chapter 5.

To increase production would entail a mere reorganization of the existing ways of doing things. It would involve three basic steps:

1. Setting up a Village Development Committee or council (VDC) under a traditional ruler, say, a chief, who still commands authority and respect. The chiefs are important human assets: they are closer to the people, understand their needs, and command their respect. It defies common sense to exclude them in any rural development model. The Village Development Council may provide some basic infrastructure and the following services on a 50–50 cost-sharing basis with either a district or a regional administration: build simple schools for elementary education; provide clean water through the construction of bore wells; build simple clinics; and encourage the interaction between traditional and modern medicine. The vast majority of African peasants still rely on traditional medicine either because of the lack of access to modern medicine or due to the collapse of the health infrastructure. Other responsibilities may include building a civic center or hall, a market, and feeder roads.

2. The second step is to mobilize capital for investment. Capital can be raised through participation in and modernization of existing revolving credit schemes (microfinance). Market tolls and head taxes may be considered. Some villages still raise money for projects by levying a head tax of say $10 for a man and $7 for a woman.

African chiefs in traditional councils already do this.

3. The third step is investment in cottage industries by young educated Africans or the Cheetah Generation. The state or government should be left out of this.

Rural Development

Africa's rural economy needs a fresh look. Consider agriculture or food production for example, where conventional approaches have failed miserably. The cultivation of food crops is by Africa's peasant farmers, the vast majority of whom—over 70 percent—are women. The technology is simple—a hoe and a machete. Planting is easy and the crops are rainfed. The harvest is carried on the head to the homestead and stored. Part is consumed, part rots (about 30 percent) due to poor storage facilities, and the surplus is transported to the market for final sale to consumers. Thus, this peasant farmer produces food, transports the produce from the farm to the village, stores it, takes the surplus to the market, and transports unsold produce back to the homestead.

There are several links in this chain process. A break in any link in this process may cause food scarcities at market, which may not be due to inadequate production. Such breaks are caused by labor shortages, transportation difficulties, and lack of markets or buyers.

For harvesting and transportation of the produce, peasant farmers have traditionally relied on their children and extended family members. But the children now attend school and the young and able-bodied migrate to the urban areas. As a result, rural Africa has been hit by persistent labor shortages—an irony on a labor-surplus continent. Peasant farmers carry what they can, leaving the rest to rot on the farms. The poor state of Africa's secondary or feeder roads also makes it difficult to get whatever surplus there is to the market.

There have been documented cases upon cases in Ghana, Mali, and Nigeria where the urban areas faced food shortages at times when food was rotting on the farms because of transportation difficulties. In the early 1990s, there were similar recorded cases of bumper catches of fish rotting on the beaches in Ghana. The government at the time claimed it could not assist the native fishermen because its cold storage facilities had broken down.

Every social or economic problem is a business opportunity. Thus, the problems enumerated above are really opportunities for those in the Cheetah Generation. Anything that preserves, processes, and facilitates the shipment of foodstuffs or fish to the market (or the consumer) would be a worthwhile investment. It would not only save food from rotting but also boost the income of the peasant producer, making more food available, thereby cutting down on food imports. Here are some examples of "people-oriented, grassroots development projects" or "Cheetah Enterprises" taken from Ayittey (2005, Chapter 10):

> It is important to appreciate the fact that local or traditional councils often draw up their own development plans. Too often in the past, the government, run by the elites in urban areas, has charged into the rural areas to impose its own plans on them, with no coordination between the two. Here are two examples of local initiatives:
>
> ■ A five-year development plan estimated at $4 million was drawn up by the Akrodie Traditional Council to improve the area. Projects envisaged under the plan included the construction of a secondary school, renovation of elementary school buildings, tarring of streets and extension to the local health care.
>
> Launching the plan at Akrodie, the Omhahene, Nana Dankwa Ababie, said all the projects would be undertaken through communal labor.
>
> Voluntary contributions of $300 per elder, $200 by young men, and $100 per woman have been levied. Nana Ababio said proceeds from the sale of foodstuffs from 27-hectare farm near Akrodie would be used to meet part of the project's cost. (*Daily Graphic*, January 6, 1983; 8)
>
> ■ It may also be recalled that the chief of Akim Abuakwa Juaso, Barima Kofi Osei, set up a development committee, which initiated a beekeeping course to teach beekeeping to farmers in the village. The chief hoped to make Akim Abuakwa Juaso the leading honey producer in Ghana. Courses in snail farming and mushroom production were to follow. (*Insight,* November 10, 2005; 6)

Across Africa, similar efforts can be documented.

- **Mali:** The rural locality of Tonka, in northern Mali, is an example of the endeavors that villagers in Africa are already making, despite extremely adverse conditions. By digging simple irrigation canals from a local river and lake, Tonka's 4,500 producers, organized in village co-operatives, have been able to increase their output of rice, millet, sorghum, potatoes, cassava, beans, and other foods. Tonka's marketplaces now attract

buyers from other regions in Mali, and even from across the border in neighboring Mauritania. Thanks to the additional incomes they have earned, Tonka's residents have been able, during the past four years, to help finance the construction of nine primary schools, four health clinics, several wells, two livestock markets, a warehouse and several sanitation facilities. (*Africa Recovery*, January 2004; 13)

- **Burkina Faso:** In Sikorola, a village in western Burkina Faso, farmers generally benefit from adequate rains and more fertile soils. But their efforts to expand output are hampered by the area's very poor physical infrastructure. "We are ready to produce more maize and potatoes," says one member of the Siguizani family, "but there is no road to transport the crop."

  Sikorola is not unusual. Across Africa, paved rural roads scarcely exist. Much produce is taken to market by cart or bicycle over unpaved roads or by foot along narrow paths cut through the brush. Africa has the lowest density of paved roads of any world region. Out of 1.8 million kilometers of roads in Sub-Saharan Africa, only 16 percent are paved. Moreover, many of Africa's paved roads have deteriorated badly from overuse and inadequate maintenance. Because of poor road quality, lorry drivers in rural Cameroon may charge an extra CFA1,000–2,000 ($1.70–$3.40) for just a short trip of 6 kilometers. Higher transport costs raise the prices farmers must charge, reducing their competitiveness in both domestic and international markets. (ibid., 14)

- **Senegal:** Collecting rubbish gave new financial freedom to a group of women in the small town of Kebemer. The women borrowed money to buy a horse and cart, employed rubbish collectors, and began earning a salary by cleaning up the streets on a daily basis. Since the local authorities lacked funds, garbage piled up, causing illnesses among the children playing outside. When people saw the benefits of the daily service, they were willing to pay for it. The project has not only reduced health problems, but it has also created income and employment for twenty people. The idea of a new force of dustbin women was first conceived in 1998 and got off the ground after Christian Aid provided the loan for the first horse and cart. The women then earned enough money to buy more than three hundred dustbins and ten horses and carts, and employ administrators to organize the project, spanning five hundred homes. There were profits left over to invest in new money-making projects, including traveling to Mauritania and Gambia to buy shoes for resale in their local towns. (*Africa Recovery*, January 2004; 14)

- **Ethiopia:** Beekeeping is a traditional activity in Dekaya in southern Ethiopia, using hives made out of hollow logs. Farmers introduced more innovatively designed hives from Germany while still making the hive out of local wood. The improvements raised productivity, with each hive producing about 26 kg of honey, compared to the 3 kg produced with the old-fashioned method. About 150 farmers benefited from the new technology, after Action for Development provided technical training and the loans for the first hives to be used. The farmers then set themselves up as a co-operative, with the aim of securing their own loans from banks to buy new hives in the future. With such success, the children could go to school, have access to better accommodations, and one man has been able to build a new house with the money raised from selling honey. (*Africa Recovery*, January 2004; 14)

- **Cameroon:** Gisele Yitamben started her Association for the Support of Women Entrepreneurs in Cameroon in 1989 after she concluded that women in Africa had no access to credit. In the years since, she has worked with more than five thousand women, opened a four-story resource center in the city of Douala, and is about to start a radio station that will provide information about health and education. (*Washington Post*, September 12, 2003; A31)

There are countless such examples across Africa. Note that in all of those examples there was no mention of importing sophisticated agricultural machinery or inputs. Nor was there any mention of approaching Western donors for foreign aid. However, none of these simple projects would interest African governments, run by the elites.

We shall discuss in detail two development projects the author has been involved in. They seek no government assistance or intervention. Neither do they seek foreign aid or inputs. What is required in both cases is a mere reorganization of the existing way of doing things.

The Pwalugu Tomato Project

The Problem

Peasant farmers at Pwalugu, in the Talensi District of the Upper East Region of Ghana, grow tomatoes. In 2004, the government encouraged them to grow more tomatoes, assuring them that it would rehabilitate a broken down tomato factory and purchase their produce to feed the factory. The farmers took the government's word for it and dramatically increased production. But the government did not live up to its end of the bargain and rehabilitate the factory. So many farmers found themselves with tons of harvested tomatoes they couldn't sell. The lives of many were ruined and a few even committed suicide.

Eventually, the factory saw some rehabilitation work in 2006 but stopped functioning in 2008. "The factory which has a daily production capacity of 500 tonnes with about 12,500 crates of tomatoes a day, has suffered low production due to the unavailability of raw materials and broken down equipment including its vacuum pumps which cost about 15,000 Euros as well as the canning equipment which also cost about GH¢49,000" (*The Daily Graphic*, December 24, 2013). In December 2013, Ghana's Minister for Trade and Industry, Mr. Haruna Iddrisu, announced a GH¢1 million funding for the revamping of the Northern Star Tomato factory. However, few believed the government would come around to rehabilitating the factory.

The Potential Business Solution

I encountered a group of Ghanaians on Facebook complaining about the government's failure to assist the tomato farmers and I told them that, instead of complaining, they should consider that as a business opportunity. I entreated them to study the problem and determine how they could transform it into a business venture. This would require finding a market for the farmers' produce. Their assignment was to find out where they could sell the tomatoes in the urban areas and at what price; how much would it cost to purchase the tomatoes from the farmers; and how much the transportation cost would be. They should determine if setting up a company to do this would be profitable.

One of them, Roger Laari, prepared the report, and it was edited by Kwame E. Bidi, both of them, together with a third person, Selormey Darke, are university graduates. The main highlights of the report are:

- The tomato farmers have grown skeptical about cultivation and marketing of tomatoes due to previous experiences. They are particularly skeptical about the purchasing/marketing component. Businessmen patronize their produce mostly during the early stages of harvesting and determine the price, they said. Now, factory buys all tomatoes (hard or soft), but businessmen are picky—they want them hard and fresh.
- The tomato season runs from January to April yearly. So, the farmers—especially Mr. Zakiaus aka Nkomode, Hajia Teni Tiah (president of the existing co-operative)—say the Cheetah Group patronage idea is welcomed. They will like to meet members of the Cheetah Food Distributions to deliberate on the business further. They are willing to supply any quantity of tomatoes CG demands. They currently do not have credit to expand their farms, but once assured of a constant purchase on contract basis, they will find ways and means to expand. Some community members at Pwalugu have also expressed interest in the project. They are Sadba, Duu, Kpasinkwa, Dusi, and Yaanah.

Findings

- Farm Price: Prices respond to seasonal fluctuations, but the factory currently pays farmers GH¢ 42 ($20) for a crate of tomatoes. In Accra or the urban areas, a crate can be sold from GH¢120 to as low as GH¢40 on seasonal continuum.
- The cost of transportation: A farmer said a crate is charged GH¢4. A typical truck carries 400 crates of tomatoes. Thus one truck could cost around GH¢1,600/trip
- Profit/loss calculation assuming one truckload of 400 crates of tomatoes is purchased from the farmers and sold in Accra.

Buying price from Pwalugu	GH¢50/crate
For 400 crates	GH¢20,000 (50 cedis x 400 crates)
Transportation cost/crate	GH¢4
For 400 crates	GH¢1,600
Sale Price in Accra/Kumasi	GH¢100/crate
Total Revenue	GH¢40,000 (100 x 400)
Miscellaneous expenses	GH¢800 (labor, spoilage etc) (cost of tomato, transport, misc.)
Total Expenses	GH¢2,400 (20,000+1,600+800)
Gross Profit	Total Revenue minus Total Cost (40,000 minus 22,400) GH¢17,600 or $8,380

If the three of them could set up a company, Cheetah Food Distribution, and could make ten trips a year,

the gross profits would be $84,000. If they shared that equally among themselves, each would get $28,000, which is far greater than what they could get as government employees. When I visited them in December 2013, the main problem was getting an initial capital of $80,000 to set up the company.

There are many other such opportunities in donkey stabling, food processing, food brokerage, grain silos, food courts, fish preservation, and building bigger fishing boats, to name a few. In the informal economy, such activities may be mentioned in markets, transportation, auto repair shops, bakeries, public toilets and baths, vocational schools, and adobe housing.

The Native Fishing Industry in Ghana

The Problem

Despite being an Atlantic coastal nation, Ghana does not catch enough fish—an economical source of protein—for its own consumption, importing 30 percent of its fish needs, despite 550 kilometers of coastline and an abundance of lakes and streams. In September 2008, Mr. Kofi Adusei Poku, the former deputy Minister of Fisheries warned: "If we do not immediately address such deficiencies in our system, we stand the risk of experiencing fish shortage in the near future." According to Ghana Government statistics, fish imports were 209,358.99 metric tonnes in 2006 and rose to 261,592.05 metric tonnes in 2008.

Fish is a very important nutrient in our everyday diet. The www.fightdiabetes.com has indicated that fish oil has been shown to have positive effects on the heart, brain, joints, skin, and even pregnancy. It can be used to prevent coronary heart diseases and stroke, essential fatty acid deficiency in infancy (retinal and brain development), diabetes, autoimmune disorders (e.g., Lupus and nephropathy), mild hypertension, and other associated diseases. Fish oil deficiencies have also been tied to many other conditions like depression, weight gain, allergies, arthritis, violence, memory problems, cancer, eczema, and inflammatory diseases.

Protein is important for the growth and development of the body, repairing of worn-out tissues, and the production of enzymes and hormones required for many body processes. Vitamin A from fish is more readily available to the body than from plant food. It is required for normal vision and for bone growth. Mortality is reduced in children less than five years old who have an adequate intake.

Fish is not only an important source of protein but also an easily available source for a country such as Ghana. However, rapidly rising demand due to population growth and inability of the fishing industry to meet this demand has meant that the protein need must be found elsewhere.

The two sources of fish supply in Ghana are artisanal and commercial fishing. The latter is in its infancy and, therefore, the bulk of the supply of fish for domestic consumption comes from native fishermen who ply the West African shoreline in narrow dugout wooden canoes. According to Ghana's national statistics, artisanal fishing accounts for about 75 percent of the country's national production caught for consumption.

Since independence in 1957, the native fishing industry has received scant government attention. Half-hearted attempts were made in the 1970s by the ruling elites to supply native fishermen with subsidized fuel (diesel) for their outboard motors. In general, however, this sector was neglected by the elites who preferred to focus on "high-tech" and "advanced" solutions; for example, the establishment of "modern" fishing operations. Accordingly, a State Fishing Corporation was set up in 1975 and equipped with modern trawlers. And how did that state corporation perform?

In 1977, two senior officials of the corporation were indicted for their involvement in the "Sekondi Fish Deal" in which more than $3 million was allegedly lost to the state (*West Africa*, August 8, 1977; 1647). Then "Three ratings of the State Fishing Corporation (SFC) have been placed in custody at the Sekondi Naval Base in connection with the looting of more than 400 cartons of fish aboard the corporations vessel 'Drabon'" (*Daily Graphic*, July 18, 1981; 8).

Ship captains were involved: "When the captain of 'MV Ayensu' Mr. Akporyo stole 88 cartons of fish on board, only half was recovered" (*Daily Graphic,* November 24, 1982; 1). So lucrative was the looting on board the SFC vessels that a senior refrigeration assistant who tried to report it, Mr. Fred Otoo, "was 'electrocuted' on board 'MV Asubone' under mysterious circumstances" (*Daily Graphic*, November 24, 1982; 1). Eventually, that scandalous state corporation was sold off in 1997.

Following the collapse of the State Fishing Corporation, the native fishing industry was not able to pick up the slack. In fact, since the late 1970s, the catch by native fishermen has been dwindling. Among the various factors cited for the decline was the lack of navigational equipment, which prevents artisanal fishermen from going far out to sea as the fish no longer come to the shores. Furthermore, the size of their canoes limits their catches. In later years, these prob-

lems were compounded by poaching in West African waters by large foreign commercial fishing vessels. Partly as a result, local catches have dwindled, threatening the survival of hundreds of thousands of native fishermen and their families. Back in 1981,

> The Ghana Navy has arrested two out of 15 foreign tuna vessels which were found fishing in Ghana's territorial waters. This was disclosed by Commander Kofi Aryeetey, officer-in-charge of the Eastern Naval command. According to him, tuna poaching has become so lucrative that about 20 foreign vessels, mainly of Spanish origin, are attracted daily to Ghana's shores. Commander Aryeetey stated that about $25 million dollars worth of tuna were illegally taken out of the country last week. (*Daily Graphic*, December 17, 1981; 1)

Poaching still constitutes a problem. According to the *Washington Post* (May 21, 2009): "Illegal fishing—which Somalia's pirates also cite as one reason for their attacks—strips an estimated $1 billion in yearly revenue from Sub-Saharan Africa" (A8). Fishermen nationwide in Ghana report low harvests, and at some periods even no harvest, due to the depletion of fishery resources.

Apart from poaching, artisanal fishermen compete with highly sophisticated, industrialized fishing vessels in an era where the fishing industry requires high financial inputs. Industrial fishing uses nets dragged along the sea bottom, a practice known as "bottom trawling." This practice not only depletes fish stocks but also prevents fish from coming to the shorelines for the artisanal fishermen to catch. Lower catches have deepened the poverty level of fisher folks and their dependents.

"I have been a fisherman my whole life," said Joshua Quaye in Prampram, after an unsuccessful day on the ocean. "How will I live? How will I raise my children? No one seems concerned about us" (*The Daily Graphic*, March 12, 2009; 5).

"The fishing industry along the whole coast is collapsing," said Christina Sackey, secretary of the fishmongers association in Prampram, a fishing community about 45 minutes east of the capital, Accra (ibid.). Ms. Sackey said the shortfall has been especially acute in the last five years. She hopes her children will not go into fishing but she is also finding it hard to pay for their schooling.

The Ministry of Fisheries estimated there were about 500,000 fishermen and fishmongers in Ghana in 2009, the vast majority of whom were struggling, like Ms. Sackey and Mr. Quaye, to make ends meet. The number of workers in the fish industry would jump to 2 million, or about 10 percent of Ghana's population, when peripheral jobs are included, such as canoe building.

Unfortunately, to increase fish supply, the same elite mentality persists.

Mr. Kofi Adusei Poku, the former deputy minister of Fisheries and member of Parliament for Bekwai, disclosed that from 209,359 metric tonnes in 2006, fish imports rose to 261,592 metric tonnes in 2007 due to the bird flu disease in Asia, which led to high fish consumption. To tackle the problem of inadequate domestic supplies of fish, the minister "called on the private sector to consider investing massively in aquaculture" (*Ghanaian Chronicle*, September 20, 2008; 4).

Further, government would seek "an Indian boat manufacturing firm to come and set up in Ghana and manufacture fiber-glass boats to replace old wooden canoes. . . . Government is determined to revamp and build the fisheries sector to advanced levels," he noted, adding that fishing methods and equipment currently used in the country were all antiquated (ibid.). He also stressed that fish in the country's sea was fast depleting due to errant fishing practices by some fishermen, pointing out that government was running a credit scheme for fish farmers across the country where the latter could obtain financial assistance ranging between GH¢40 million and GH¢60 million to improve their businesses. This package came with the provision of fish fingerlings and feed by the Ministry of Fisheries to ensure 100 percent profitability.

The Ministry of Fisheries planned to increase the number of fish-farming enterprises so that eventually they would account for 20 percent of local fish production. It started to provide technical advice and workshops to entrepreneurs. By 2008, 1,040 fish farmers had registered 2,800 ponds in the country. "More and more people are expressing interest in the business," said Lionel Awity, head of aquaculture for the Ministry of Fisheries (ibid.).

It makes little economic sense for the Ministry to be encouraging fish farming in a coastal nation. Fish farming requires access to land and capital which are in short supply. It remains difficult to see how fish farming would help local fishing communities, whose culture and livelihoods revolve around ocean fishing. For one thing, it is a very expensive way to produce fish. For another, it is economically insane to bring in an Indian boat manufacturing firm and deny opportunity to the local boat-building industry.

By 2014, the situation was hopeless in both Ghana and Nigeria, coastal nations. In an interview, President Mahama called on the IMF to provide funding to improve rice, sugar, poultry, and fish production because the country was unable to meet its own needs and was spending hundreds of millions importing necessary foods (*AllAfrica.com*, August 18, 2014).

Also,

> Nigerian Ports Authority (NPA) said 11 ships laden with petrol had arrived in Lagos ports. This was contained in NPA's daily publication, the Shipping Position, made available to the News Agency of Nigeria (NAN) in Lagos. The document indicated that three other ships had arrived [at] the ports with base oil and aviation fuel. It stated that . . . 53 ships were expected to sail into the ports from December 23, 2014, to January 28, 2015. . . . 27 of the expected ships would sail into the ports with containers, while 13 others would arrive with food products . . . [that] include rice, frozen fish, buckwheat, bulk sugar and bulk salt. (*This Day*, December 24, 2014)

The Potential Business Solution

The native fishing industry in Ghana has been collapsing partly as a result of misguided government policies and the depletion of marine fish stocks—the depletion is evidenced by the reduction in quantity of fish landed by fishermen. As we saw above, lower catches of fish could be due to over-exploitation of the fisheries' resources, poaching, inadequate conservation mechanisms, and weak monitoring controls and surveillance activities.

For centuries, Ghanaian fishermen have gone to sea in dugout canoes. As can be seen in the picture below, the dugout canoes are narrow and walking in them requires highly polished acrobatic skills. Further, the shape of the canoes severely restricts the quantity of fish that they can land. Moreover, the nature of the canoes severely limits how far out to sea they can go and their chances of survival in rough seas.

Nonetheless, the native fishermen are energetic and hard-working people who take risks, venturing out to sea without modern navigational instruments. Yet, they return with catches of fish, despite the formidable odds. They go about their fishing on their own volition.

Fishing is done by crews of six or eight. The head fishermen is usually the owner of the canoe, which may cost him anywhere from $200 to $500. He may obtain the capital to purchase a canoe from the "family pot"—a savings fund maintained by most extended

Professor Ayittey (middle) in a canoe on February 14, 2011

A typical fishing day starts with going out early in the morning and returning at dusk. The catch is unloaded on shore and sold to market women waiting with aluminum basins. The revenue is divided into three parts: The owner takes a third, the crew takes another third, and the remaining third is set aside for maintenance of canoe and future expansion.

Real development in this instance would be anything that raises their productivity; that is, enables them to catch and land more fish. The typical catch is 60 pounds of fish. They could attempt to catch more, but it would sink the canoe. Given the fact that their catch is limited by the size of their dugout canoe, a bigger motorized boat would be the obvious solution.

The problem is not teaching the native fishermen how to fish. They have been fishing for centuries! The real problem resides in the attitudes of the elites running the government. Seduced by symbols of modernity and sophisticated gadgetry, they denigrate the traditional as "backward and primitive." Instead of assisting the native fishing industry, improving or modernizing the native way of fishing with input from the native fishermen as to what would best assist them, the government elits shunned the traditional and sought the "modern" and "scientific" methods with the establishment of the previously discussed State Fishing Corporation. When that collapsed, they turned their attention to aquaculture, as we saw above.

In December 2013, this author met an African boat builder by the name of Egya Effrimu, operating in Elmina in the informal sector. As is typical, his operations are not well organized. They are scattered along

the shoreline and his workers have to compete for space with fish mongers, etc. The place of business is filthy, crowded, and open-air. When it rains, every type of operation must come to a halt. The following pictures depict the chaotic situation on the shoreline.

What I found astonishing about the craftsmanship of the boat builder was that he has no formal education. I asked him if he had received any recognition or assistance from the government. He replied that some government ministers and officials had visited his operations and had often complimented him, promising to bring help. Then he never heard from them again.

He said it takes him three to four months to finish building a boat, depending upon the availability of supplies and the weather. The boat has holds for fish. I queried him about how the catch is kept fresh for two or three days at sea. He indicated that blocks of ice are purchased before setting out to sea, and under normal conditions that can keep fish fresh for three days. The boat can hold 800–900 pounds of fish, which fishermen can catch in one to three days' time, depending upon the season. A finished boat costs $50,000 and can last for ten years.

The author and the boat builder in 2013

Now, consider this as an investment proposition. Assume a conservative catch of six hundred pounds per trip and a price of $1.50 per pound of fish.[50] Thus, the boat can bring in $900 per trip. Assume also that the boat can make just two trips per week—it might actually make three—then the weekly haul would be $1,800. Multiply this by fifty weeks in a year—two weeks are set aside for vacation, repairs, etc.—and the annual revenue would be $90,000, which is nearly twice the cost of the boat! In other words, if this boat is purchased and makes just two trips a week, the initial investment of $50,000 can be recouped in a year.

There are two obvious unorganized pieces in the artisanal fishing industry: the native fishermen and the boat-building. An effective development strategy would be a mere reorganization of the existing way of doing things in two links in the chain to make it more efficient.

The first aspect would be to build bigger boats. A local boat builder already exists who can produce such boats but in a very unsatisfactory site. A hangar-like structure or warehouse could be built at a new site, away from the shore, where the operations could be moved inside and provided with electricity, water, and toilet facilities. Protected from the elements, the filthy over-crowding, and supplied with electrical power, their productivity would increase. Instead of taking three to four months to produce one boat, it might take only two. Nothing new is being introduced here; just a reorganization. The same skills and work experience are being used, except in a more conducive place. This arrangement could possibly double annual productivity from three to six boats a year.

The second aspect is purchasing these boats and leasing them to crews of six fishermen on a "work-and-pay" basis. Assume six boats are produced in a year.

Each crew would be given a boat and asked to work and pay back $200,000, after which the boats would become their property. The prospect of ownership has always acted as a powerful incentive in Ghana. Under this arrangement, the crew would be responsible for all running and maintenance costs. In two to three years, if all goes well, $1,200,000 (6 x $200,000) will be paid back. The purchase cost of the 6 boats is $300,000, leaving a profit of $900,000.[51]

The simple project has several advantages. It is self-sustaining; there will always be fish in the Atlantic Ocean. Once the initial investment is made, it generates its own revenue to sustain itself. Second, there is no government involved in this. Third, it is geared toward improving the lives of the poor. The crews of fishermen, after they finish paying off what they owe, can continue to remain employed. Fourth, it provides the local chief with some resource to embark upon further development of the community without relying on the central government. This model was endorsed by chiefs of several fishing villages, including the chief of Elmina. Finally, it could provide employment opportunities for unemployed graduates as well.

Just as we did for the tomato project, a couple of university graduates can pool their savings together and purchase a boat for $50,000. If they can find hard-working and reliable crew members, that investment would pay them $200,000 after say, three years. With that, they would be able to purchase four boats. Using the same scheme, assuming all goes well, they would be able to have $800,000 after another three years. Clearly, this is better than any government jobs they can secure.

Palm Oil Production
The Problem

West Africa has been the home of palm oil for centuries. Locally produced, it is used in the preparation of traditional dishes. It also has over 540 uses, ranging from the manufacture of lipsticks, soaps, and candles to industrial lubricants. The local palm oil industry provides employment to millions of peasant farmers and their families. However, production has been inadequate in the face of rising demand. A few countries in the region—such as Ghana and Nigeria—used to export palm oil in the 1950s and '60s but are now importers. Ghana, for example, imports 40 percent of its palm oil needs, mainly from Malaysia and Indonesia, at a cost of $100 million a year. Ironically, Ghana gave the palm seed to Malaysia in 1917, which turned it into a $35 billion industry and now exports palm oil to Ghana.

Demand—both local and global—has increased sharply in recent years—largely for its use as feed stock for bio-fuel. As a result, the world price of palm oil has shot up from $650 a tonne in 2007 to over $1,200 today. The European Union (EU)—as well as the United States—mandates for increased use of bio-fuels by 2015 have dramatically increased the demand for palm oil. However, Malaysia and Indonesia—the world's largest producers, which together account for 85 percent of world output—cannot meet this increase in demand. They have run out of land space to increase production and are now turning their attention to Africa where their companies are buying up large tracts of land to establish palm oil plantations. Chinese and Indian firms have also been active. Development of these large plantations poses a serious threat to Africa's rain forests. Deforestation and destruction of Africa's rain forests not only threatesn bio-diversity and ecological systems but also greatly increases the threat of global warming.

Unfortunately, West Africa has not been able to cash in on the rise in market demand. Inadequate domestic production is due to the fact that the traditional method of producing palm oil is not very efficient. The palm fruit is cultivated on small-scale farms by peasant women farmers. The fruit is harvested, cooked, and processed using largely manual labor. Industrial production of palm oil is often touted as more efficient technically but faces severe economic and environmental constraints. It requires a large plantation to serve as a nucleus farm to feed the industrial plant. But the cost of establishing large plantations is prohibitive, running into the billions of dollars—capital requirements that are beyond the means of the small domestic capital market. Additionally, there are environmental concerns as establishing a plantation entails clearing of large tracts of rain forests, which adversely affects ecological balance, bio-diversity and climatic change. Moreover, the plantation-style mode of production has not been very successful in Africa.

Potential Business Solution

There is clearly an opportunity to increase palm oil production from non-plantation sources. In fact, plantation farming is not common to West African culture. The British colonial administrators in Ghana discouraged plantation agriculture, fearing that, by dispossessing the owners of their land, the extensive land acqui-

sitions necessary for the plantations would alienate the peasants, seriously disrupt their export production system, and precipitate local uprising. They had had a similar reaction with the abortive Crown Lands Bill of 1894 and the Land Bill of 1897, which sought to vest in the British Crown all "waste" or unoccupied lands, forest lands, and minerals. Furthermore, British colonial administrators believed the indigenous small-scale peasant farming system was more resilient economically than the exotic large plantations. Moreover, the peasant system, though not very efficient, was considered to be a tried and inexpensive method of producing tropical export crops. As a result, in Ghana and in most parts of West Africa, farm culture is basically small-scale.

The palm fruit is produced by millions of small-scale farmers. The typical family cultivates a small plot for their food needs and interplants tree crops. The palm seedling takes about four years to mature into fruit-bearing tree. It requires little maintenance and bears fruit twice a year. The tree can last from thirty to forty years. A small-scale palm oil farm may cover five hectares. The farm's harvest of fruits may be processed by the farmer, using the traditional method of palm oil extraction, sold to other processors, or sold at the market and by the roadside. Fruit that can't be sold simply rots.

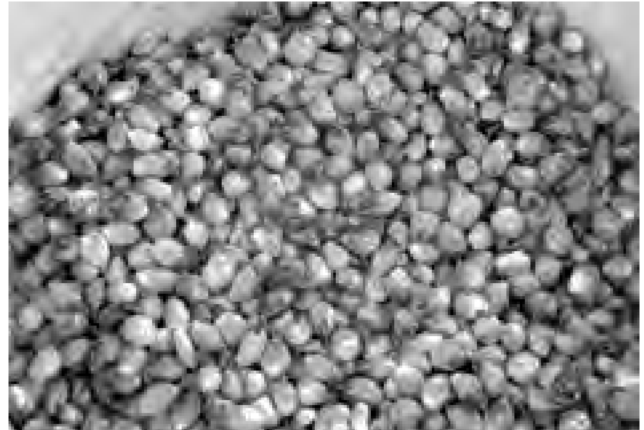
Separating the fruit from the spikelets

The fruit is separated or loosened from the spikelets by hand, cooked, mashed, and the oil squeezed from the mush with a hand press.

The main production inputs are heat source and water to cook the palm nuts, as well as power to run the machinery. Water can be secured from bore holes and the spikelets can be used as burning fuel. The traditional process is simple, but tedious and inefficient.

Reorganization

It should be remembered that the object of development is to raise the standard of living or income per capita of the poor. This could be achieved if they could produce more palm fruit that can be processed into palm oil.



Top: Loosened palm fruit
Above: Squeezing oil out of the cooked fruit with hand press

A good business model would be to organize them into co-operatives or palm growers associations (PGAs) as in the Pwalugu Tomato Project. A company can be set up to serve as the guarantee buyer of their palm fruit. Instead of selling the palm fruit in the urban market—as was the case with the tomatoes—this time the palm fruit would be processed by the company into palm oil, using medium-scale mills.[52]

The crude palm oil (CPO) milling process consists of three steps. The first and crucial step is the procurement of fresh fruit bunches (FFBs) from the farmers. The second step consists of sterilizing and threshing the bunches in order to free the palm fruit. The third and final step involves cooking, mashing the fruit, and pressing out the crude palm oil.

To procure the fruit, the PGAs would designate for the farmers collection points to bring their fresh fruit bunches (FFBs). After purchase, the PGAs would then transport the FFBs to the company's mill, where they would be processed into palm oil.

A medium-scale mill that costs $350,000

Author with Mr. Adonteng, owner of the traditional oil mill

Besides profitability, this model has several other advantages. First, this approach is non-invasive or disruptive. Farmers use their own techniques and skills to cultivate palm fruit. There is no need for training, although the PGAs may provide extension services—such as introducing the farmers to better seeds, farming techniques, or provide microcredit loans for farm expansion. The more fruit they produce, the more income they make to lift themselves out of poverty.

Second, it can vastly increase palm oil production and improve the lives of millions of poor farmers. Due to difficulties in finding buyers for their harvest, farmers currently must harvest what fresh fruit they can, sell them by the roadside, or take them to local mills where they are inefficiently processed. Whatever can't be harvested or sold is left to rot on the farms—a huge economic waste. This model simply creates a guaranteed market for the farmer's produce and thereby cuts down on the waste. Third, the model protects precious rain forests since it does not envisage the establishment of large-scale plantations.

Building Markets

As we showed in Chapter 4, the market is the nerve center of traditional Africa, where important commercial, religious, and even political activities take place. Destroy a market and one would wrench the life and soul out of a traditional African community. The market has three decisive functions. First, it provides incentives to the Atingas to increase production. Whereas before, he produced just enough to feed his family (subsistence agriculture), the establishment of a market would encourage him to produce more so that he could sell the surplus to purchase things he may want. Second, the market affords other profitable opportunities; for example, he may find it more profitable to grow beans than corn. Third, market tolls provide the Village Development Council with revenue.

The Problem

Indigenous markets still do exist in Africa but are not well organized. In the urban areas, they are chaotic, crowded, and open-air affairs that are at the mercy of the elements. An improvement to the market system would be any undertaking that increases the volume of trade and enhances the freedom, convenience, as well as the safety of transacting business at the market. The necessary support services and infrastructure would entail providing the following:

- Roads and transportation networks to facilitate the shipment of goods and people to and from the market; improved buildings that provide better protection from the weather (rain and sun).
- Electricity or lighting to enable the market to extend operating hours, toilet facilities, and security or secure areas where traders can leave their wares.
- A general atmosphere of peace, security, order, and freedom for traders to conduct their business.

Recall that the period 1880 to 1950 was one of unparalleled peasant economic prosperity in Africa. The colonialists did not undertake much by way of development. But at least there was peace and a fair degree of economic freedom for Africans to produce and sell what they wanted, and at what prices they wanted. In addition, the colonialists, in some cases, built a few markets for African natives. After indepen-

dence, African nationalists and elites could not initiate real development because they were hostile to markets, erroneously thinking they were Western capitalist institutions.

Potential Business Opportunity

As any visitor would affirm, buying and selling take place at all sorts of sites; by the roadside, for example. The market is also open air with little protection from the elements, as seen in the picture below. It is often crowded. A new market may be set up some distance away from the roadside. Some bright lights and stalls may be put in place and then the stalls may be rented out to generate revenue to recoup the initial investment.

As can be seen below, the traditional market can be upgraded into a new one. The upgrade doesn't have to be fancy. The author found the upgrade would cost about $200,000. Stalls could be placed in the new market. If two hundred stalls are provided and rented out at $20 a month, the total investment can be recouped in about four years.

Top: A traditional market. Above: A new market

Another idea is to build a simple food mart with stalls for locally prepared food. A food market, set some distance away from the road, provides a safer and more convenient and hygienic place and environment to purchase food. The roadside businesspeople are industrious and enterprising, but they are not well organized and lack capital. By reorganizing them and providing them with a little capital, entrepreneurs can make not only money for themselves but also help solve a social problem.

Rural women in Uganda are skilled in producing beautiful mats, but they lack capital. At a conference organized by the Inter-Regional Economic Network (IREN) in Mombasa in November 2003, I met a black American, Cyril Boynes, who impressed me greatly. He had invested $1,200 of his own money and organized about twenty Ugandan women into a co-operative to turn their mats into handbags. He brought samples to the conference and I bought one for $20.

Africa's university graduates should realize that nobody became a millionaire working for a salary—except of course corrupt heads of state and ministers. Each one of the projects discussed above can provide lucrative employment. All that is required is reorganization of the existing way of doing things, plus a little capital.

Meso Capital

The conventional development fad is microcredit finance. Launched and pioneered by the Grameen Bank in Bangladesh in the early 1980s, it has since mushroomed into a multi-billion dollar global industry. To be sure, it has been a tremendous boon to the poor and an invaluable tool in the war on global poverty. Providing small individual loans has enabled the poor, especially rural women, to boost production. A loan of as little as $100 to the African peasant farmer may enable her to hire labor or purchase a donkey to transport the produce from the farm to the homestead. But that only addresses one link in the chain process. The produce would still need to be stored and the surplus taken to the market for sale. There is no guarantee that more produce on the farms may result in more produce being sold on the market. Sales are what increase the farmer's income.

Furthermore, small may be beautiful but also expensive. Mass production achieves economies of scale and lowers costs. For example, instead of each farmer taking their produce to the market, it might be more efficient for a company to establish "collection depots" or buying centers in the rural areas to purchase the produce directly from the farmers. This would provide enormous relief to the farmers and save them time which could be devoted to more production since there would be a ready buyer. However, the capital requirements for any of these enterprises discussed above lie beyond the

scope of microcredit finance of say $200. Thus, there is a need for some kind of a fund to provide the initial capital of modest amount (SME level)—from say $50,000 to $300,000. Such an amount is larger than microcredit but not in the millions; hence, the term, "meso capital."

A "fund" was suggested because it is extremely difficult, as this author discovered, to raise meso capital from the normal banking system or the formal sector. First, the activities described above occur in the rural and the informal sectors, which have been neglected by government and financial institutions. Second, there are no titles or robust property rights to serve as collateral for loans, even if the banks were willing to lend. Third, hard economic data is difficult to come by and draw up a business plan to use and seek investors. Fourth, foreign investors are not likely to go into these sectors. For one thing, they may lack an understanding of how these sectors work. For another, they may be debarred as most African governments reserve these sectors for their indigenes.

As a result of these difficulties, most African entrepreneurs who venture into these sectors, raise their capital from their own savings, families, or friends. Clearly, any type of initiative that sets up say a $100 million meso fund would help accelerate development for the poor. In the next section, we look at how young African entrepreneurs meet this challenge.

The Cheetah Generation

African elites may be classified into two groups: The *Hippo* and the *Cheetah* generations. The young and angry Africans are what I have described in Ayittey (2005) as the "Cheetah Generation" or the "restless generation." They are Africa's new hope—dynamic, intellectually agile, pragmatic, and entrepreneurial. They look at African issues and problems from a totally unique perspective. They do not brood over the legacies of the slave trade, Western colonialism, imperialism, the World Bank, or an unjust international economic system. To the Cheetahs, this "colonialism–imperialism" paradigm, in which every African problem is analyzed, is obsolete and kaput. The Cheetahs respectfully acknowledge the contributions of Africa's first geneation of nationalist heroes such as Kwame Nkrumah, Jomo Kenyatta, Kenneth Kaunda, and Julius Nyerere but do not relate to them or their ideas.

By contrast, the "Hippo Generation" comprised of many African leaders, intellectuals, or elites, suffer from intellectual astigmatism and are stuck in their muddy colonialist pedagogical patch. They are of the old 1960s-era mentality—stodgy, pudgy, and wedded to the old colonialism–imperialism paradigm. Everything that went wrong in Africa was the fault of colonialism or some imperialist plot. With an abiding faith in the potency of the state, they sit tight in their air-conditioned government offices, comfortable in their belief that the state can solve all of Africa's problems. All the state needs is more power and more foreign aid. And they would ferociously defend their territory since that is what provides them with their wealth. They couldn't care less if the whole country collapses around them; they are content as long as their pond is secure.

The Cheetahs are not so intellectually astigmatized. Whereas the Hippos constantly see problems, the Cheetahs see business opportunities. The Cheetah Generation has no qualms about getting their hands "dirty." They recognize that money can be made by solving the problems of the poor, and there is nothing immoral about that. In fact, that is how the rich in the rich countries made their money: by creating a product or service that addressed the needs or problems of the people. Bill Gates, for example, made billions in fortune by creating Microsoft computer software.[53]

THE CHEETAHS

We are highlighting in this section the entrepreneurial activities of young and dynamic Africans, whom we call the Cheetahs. A database of Cheetahs who attended the TED Global conference in Arusha, Tanzania, in June 2007 was compiled and they numbered four hundred from various African countries. We are daily identifying more Cheetahs, adding their names to this database and have a Cheetah network through which they can share experiences and tips. Problems encountered by a Cheetah in one African country may be the same encountered in other countries. So it helps to share experiences. The following are profiles of Cheetahs, some of whom were interviewed by this author.

SokoText, Nairobi, Kenya

Saraj Gudka, A Kenyan of Indian descent, encountered a problem in Nairobi slum markets. The shelves are packed with a dazzling array of colors—tomatoes, onions, avocadoes—at one of the many vegetable kiosks in Mathare, a slum smack in the middle of Nairobi. But many people living in these informal settlements face chronic food insecurity and malnutrition because of high vegetable prices.

SokoText came up with a simple solution. Using

the simple medium of SMS, SokoText aggregates the demand for fresh produce of these slum retailers and enables bulk purchasing from the sellers at wholesale prices. Because kiosk owners lack sufficient capital to buy in bulk, they were forced to make costly and time-consuming trips to markets in the center of Nairobi every day. They can now purchase their stock much cheaper. By sourcing much earlier in the supply chain, SokoText brings down the price of fresh produce by 30 percent for the kiosk owners, thereby making the produce more affordable for the poor.[54]

The Atinga Project, Rwanda

The Atinga Project sells shoes made by Africans. Specifically, they are recycled taxi-tire sandals made by Rwandans. These sandals are not your typical flip-flops. They are handcrafted by skilled artisan-shoemakers. The Atinga Project promotes Western consumer recognition of and response to the local capabilities of African communities, supporting their dignity and development through the sale of their recycled taxi-tire sandals.

Atingas are more than just some products made in Africa. Atinga is a message, an ideology, and an approach to learning and doing for the sake of self and others. The Atinga Collective believes that helping others is not to be taken lightly; in fact, "helping others" is most often the treatment of a symptom indicative of a much deeper problem. The project essentiality creates a market for the artisans' product. Clearly, the more sandals they can make, the more income they earn to lift themselves out of poverty.[55]

Koko King, Ghana

Most visitors to Africa have seen food vending by the roadside. The place is often by smelly gutters, unhygienic and hazardous. A vehicle that is out of control can wreak mayhem, bodily injuries, and even death. Clearly, this social problem can be turned into a business opportunity. Albert Osei is the man behind Koko King, a company that packages the traditional koko breakfast for many of Accra's professionals. The local porridge, koko, now comes in more auspicious packaging and for a little over a one Ghana cedi, professionals can purchase a full breakfast of bread, sugar, milk and of course, koko, properly and healthfully packaged and delivered to their workplaces.

The author with Mr. Osei and company delivery trucks

After earning a master's degree in Finance from a university in the United Kingdom, Mr. Osei spent some time working for the Royal Bank of Scotland. Like many other Ghanaians abroad, his dream was to come back home and set up a business. When he eventually made his move back home to Ghana, Mr. Osei scouted the market to determine the shape his business would take. As a fan of the porridge, Mr. Osei was drawn to koko. His plans to transform the koko "industry" began to evolve as he studied the market.[56]

Horseman Shoes, Ghana

Tonyi Senayah is a young entrepreneur in Kumasi—the second largest city in Ghana. He is the CEO of Horseman Shoes, a Ghanaian-based footwear manufacturing company that he established with the desire to create employment and opportunities for youth with skills in shoemaking.

He founded Horseman Shoes in 2010, and the company quickly took off. In 2011, largely due to his perseverance and hard work, he was named young entrepreneur of the year at the Global Professional Achievers Awards in Accra. His shoe manufacturers

were also awarded the Outstanding Product Quality award from *African Leadership Magazine* in 2013. He says his goal is to lead Horseman Shoes in becoming Africa's largest footwear manufacturer. His company produces a popular variety of footwear all made in Africa.

The author with Tonyi Senayah, CEO of Horseman Shoes

Mr. Senayah has a bachelor's degree from the University of Ghana, where he was also a student leader. In 2009, he noticed a demand for high-quality shoes and knew of a lot of young and skillful shoemakers who were looking for work. He put the two elements together and started his shoemaking business from the ground up, first buying from local manufacturers, then establishing his own workshop. Senayah says that the key to success is overcoming the fear of failure. "You have to be something extraordinary to be successful here in Africa," he says.[57]

Globalwise Resources, Nigeria

Mr. Ayanbowale Damilola is the CEO of Globalwise Resources Ltd., which renders microsaving and lending services to informal businesses in Lagos, Nigeria. I interviewed him at length in January 2014, primarily because of the nature of his services which are largely providing microcredit loans to businesses in the informal sector.

He is an ex-officer of a major financial institution in Nigeria and was dissatisfied with his work. He believed that work in the formal sector institutions was too confining and out of reach of millions of ordinary folks. So he quit his job to begin this enterprise here. This operation was intriguing because I was familiar with the operations of the previously mentioned Grameen Bank, founded by Professor Yunus Muhammed in Bangladesh. Both make microcredit loans to poor people in the informal sector, and I wanted to find out how the two differed in their approaches.

To secure a loan through the Grameen Bank, it is necessary for a borrower to be a member of a small group, say four to six people, who must vet the borrower and the project. In case of default, the entire group is held severally responsible. As such, there is tremendous peer pressure to repay loans. Not surprisingly, the Grameen Bank boasts of a repayment rate of over 90 percent.

The approach of Damilola's Globalwise Resources is a little different. The company builds a special relationship of trust and credibility with its clients. To borrow from the company, a client must open an account for a minimum of three months. During this time, staff from the company will visit the client's business operation and home, get to know their spouse, children, etc. After this three-month study and scrutiny, a client may be eligible to borrow not more than what he already has in the account, which may be $170. Then the repayment rate by this arrangement, according to the CEO, is 79 percent.

Professor Ayittey with Olawale Sotola Akambi (top), a poultry farmer in Ibadan, Nigeria

Poultry Farming in Ibadan, Nigeria

This author visited with Mr. Akambi, a poultry farmer in Ibadan, Nigeria. After trying unsuccessfully to

land a job in the formal sector after graduating from university, his father persuaded him to go into the poultry farming business. At first, he had some misgivings about a business, but with the passage of a few months, he discovered that it is a very lucrative business. He has plans to expand production not only of chickens but also of other farm animals such as pigs.

Top: Professor Ayittey with Mr. Kareem Tunji, a fish farmer
Above: Fish farming in Ibadan, Nigeria

Fish Farming in Ibadan, Nigeria

Nigeria is an oil-producing coastal country facing the huge Atlantic Ocean. Yet, it does not produce enough petroleum products nor catch enough fish for its people. It imports gasoline/petrol and frozen fish that costs over $10 billion a year. Imports must be cleared from Lagos port, which is perennially congested. One could well imagine the travails inland residents must endure to obtain fresh fish.

A young Nigerian Cheetah by the name of Kareem, saw an opportunity and went into fish farming in Ibadan, which is located in the interior of Nigeria. After some initial setbacks, he informed me that the business is progressing very well. Like the poultry farmer, he also had difficulty securing a bank loan. But he says his greatest problem is security. In the middle of the night, thieves have been helping themselves to his fish. He says he has hired security guards but the thieves would wait for the security guards to leave and then do their dastardly deeds. But Kareem is not discouraged and intends to hire more full-time guards who would be on duty twenty-four hours.

Banana Investments, Arusha, Tanzania

Banana Investments (BI) is a producer and distributor of banana alcoholic beverages in East Africa. Adolf Olomi and his wife, Alphoncina, developed BI from a company with very humble beginnings to a company that has had significant impact on direct and indirect employment in Tanzania. In 2011, BI employed some three hundred workers in banana wine production at its factory in Arusha.

The first wine brewed by the couple was in 1989 and done in the backyard of their home. He chose banana as the main ingredien because of its ready availability. Although the initial production was for home consumption, orders and inquiries from bars and retail outlets started pouring in. By 1991, the scale of production had sufficiently increased for the couple to quit their professional jobs and concentrate on winemaking.

Their plant processes twenty metric tonnes of peeled banana on a daily basis. The bananas are supplied by farmers in the vicinity and also by contract suppliers who purchase the bananas from farmers in other areas.

Ripe and peeled bananas taken to the factory are boiled and mashed or blended. Sugar is added as well as wine yeast. It is cooled and allowed to ferment from fifteen to sixty days, depending on the wine brand to be made. The wine is then packaged in glass bottles, which can be returned to the factory for rebottling.

Sylva Food Solutions, Zambia

Sylvia Banda is working to fight low demand for locally produced, traditional food in Zambia by creating entrepreneurial hubs that guarantee markets for these goods and by fostering an appreciation for local food in both rural and urban areas. In this way, Sylvia, through Sylva Food Solutions, is tackling the high levels of poverty in rural Zambia and facilitating the economic and social development of smallholder farmers by encouraging a shift from subsistence farming to commercial farming of local food. Sylva's existing product lines include sun-dried traditional vegetables and meats such as cowpea leaves, cassava leaves and pumpkin leaves, traditional chicken meat, and canned goat.

The company aims to expand their business operations by increasing sales of existing products, developing new value-added products based on traditional ingredients (e.g., Moringa biscuits, soup and muffin mixes) and commercializing traditional beverages (e.g., Munkoyo—a fermented maize gruel). In this way Sylva is benefiting from expansion of its business operations, and farmers are directly benefiting from increased sales and training in production and handling methods.

Emphasis on local sourcing, processing, and distribution of traditional foods and innovative products provides Sylva with opportunities for competitive differentiation in the Zambian retail sector currently dominated by imported food products and raw materials.

Sylvia Banda, proprietor of Sylva Food Solutions, Zambia

By extending a supply chain that directly sources produce from smallholder farmers in rural communities across Zambia, Sylva will generate multiple development benefits:

- Jobs in Sylva Food—The food processing plant provides a way for local farmers to offload their produce and also provides work for approximately fifteen full-time employees.
- Improved opportunities and security for thousands of farmers—Sylva's sourcing model benefits smallholders through out-grower schemes (i.e., agreements between farmers and processing firms for production and supply of agricultural products) and training in production and handling methods provided by Sylva Foods and its NGO partners, access to markets and better prices. As of 2015, they had trained 15,000 farmers in various parts of the country on value addition and integrated them into their supply chain.
- In addition to these gains for producers, there is potential for a positive impact on nutrition. Sylva's experience to date has shown that perception towards traditional foods and their nutritional benefits has changed within farming communities that received training. Mrs. Banda said the company has ventured into the production of various foodstuffs such as moringa soup, porridge for school children feeding programs, and moringa tea, which has attracted not only the local market but also the international buyers. This helps to make better use of farm produce in rural Zambia, of which much is currently going to waste largely due to limited market access and lack of commercialization of some traditional vegetables.[58]

Windmills Project, Malawi

This author met William Kamkwamba at the 2007 TED Global Conferece in Arusha, where he gave a presentation of a windmill he had constructed from discarded materials, such as a bicycle pedal and wheel, to generate electricity and power a small house in a village. He impressed many of the attendees with his ideas and subsequently with the book, *The Boy Who Harnessed the Wind: Creating Currents of Electricity and Hope*. He eventually set up the Moving Windmills Project foundation.

Mr. Kamkwamba worked extensively in Kasungu district, particularly his own home village, Wimbe, where he has helped build three classroom blocks with two classes each for the local primary school, Wimbe Primary School. These new classrooms have solar panel installations that allow the students to study late into the night. They also introduced a one-laptop-per-child initiative, which enables us to expose these youngsters to the use of computers at an early age. They have also installed solar panels and systems in

William Kamkwamba, young inventor

Kachokolo high school, which allow the students to use computers for their studies. In fact, they have created a local network through the use of e-granary, a box that stores academic information within a local network, akin to a digital library. This obviates the need

for students to be online to access academic material. They simply need to access the local network using a router!

Apart from working in schools, Mr. Kamkwamba has also sought ways to improve the livelihoods of the residents of Kasungu district. In the summer of 2013, he piloted a bio-gas digester project in Masitala village. This digester uses cow dung to generate gas for cooking, thus providing an alternative energy source to firewood. Additionally, the processed manure can be used as fertilizer for crops, resulting in a win-win situation for the women. The project also reduces overreliance on firewood and overall deforestation. He hopes to continue expanding this project into the neighboring villages. Along with the bio-gas project, he has also taught people how to fix and maintain water pumps for water wells. Indeed, most individuals contract water-borne diseases because they lack someone who can repair and keep the water pumps in good condition. With such training having taken place in the villages surrounding Kasungu, he hopes to see a reduction in the incidences of water-borne related illnesses. Read more of his story at www.williamkamkwamba.com.

Bethlehem Tilahun Alemu, Ethiopia[59]

Ethiopian-born entrepreneur Bethlehem Tilahun Alemu founded SoleRebels, a successful eco-sensitive footwear brand. SoleRebels produces sandals, slip-ons, and lace-up shoes that are handcrafted from recycled tires.

SoleRebel shoes are redesigns and reimaginations of the famous Selate and Barabasso shoe, a traditional recycled tire sole shoe that has been worn by Ethiopians for a very long time. Founded in 2004, the company now has over one hundred employees and has acheived over $5 million in revenue. Ms. Alemu has recently launched a second company, The Republic of Leather, which produces custom-designed leather goods.

Summary

The discussion above attempts to lay down a new development strategy for Africa. Any serious strategy or initiative must address this fundamental fact: the vast majority of the poor in Africa can be found in the traditional and informal sectors. These two sectors therefore must be the focus of any credible poverty-alleviation program. But, as noted above, these were precisely the sectors that postcolonial African governments not only neglected but also attempted to destroy as well.

Fortunately, a new breed of African entrepreneurs sees opportunities in the traditional and informal sectors. They reckon that every social problem is a business opportunity. We have profiled a few of these Cheetahs but that in no way exhausts the list. More of these African entrepreneurs can be found in Fick (2014), which contains more than two thousand entries from fifty-four African countries, and their product lines.

REVIEW QUESTIONS

1. Explain the difference between a development strategy and an investment strategy. Give a couple of examples. (20 points)

2. Why does Africa need a new development strategy? (20 points)

3. Sketch the main features of a new development strategy. (20 points)

4. "The assault on the traditional and informal sectors did not make sense." Would you agree? (20 points)

5. Distinguish between the traditional, informal, and modern sectors. Which should be the focus of renewed development? (20 points)

6. Describe how the ruling elites neglected the traditional and informal sectors and why. (20 points)

7. Why did many development programs fail in Africa? (20 points)

8. "The real challenge after independence in the 1960s was to launch African development under indigenous impetus." Would you agree? Explain. (20 points)

9. Explain how African peasants raise capital for their businesses. (20 points)

10. Sketch the outline of a Village Development Council and explain why it is important. (20 points)

11. There may be food shortages in the cities while food may be rotting on the farms. Explain this anomaly. (20 points)

12. "Every social problem is a business opportunity." Would you agree? (20 points)

13. Write a brief essay on the Cheetah Generation and why they are important. (20 points)

14. Sketch a profile of a Cheetah. (20 points)

Chapter Ten
EPILOGUE AND CONCLUSIONS

"Mugabe and his party have become too hungry for power. He's almost a caricature of all the things people think black African leaders do. He seems to be wanting to make a cartoon of himself. I am shattered because Mugabe is one of the most highly qualified and most able leaders. One just wants to weep. It's very sad."

—Archbishop of South Africa Desmond Tutu
(*The New York Times*, April 30, 2000; Section 4, p. 3)

"I am often saddened by the leadership situation I see in Africa and also pained for the situation that, sometimes, the populations are placed in because of errors of leaders. I think I was the first to go to the OAU summit to say that they should not encourage people who come to power through the barrel of the gun, and they should not welcome in their midst with open arms and smiles people who have taken up power through a coup d'etat."

—Kofi Annan, Former UN Secretary-General
(In an interview with *The Guardian*, Nigeria, May 11, 2006)

"Nigeria's National Assembly is a den of thieves and looters."

—Olusegun Obasanjo, former president of Nigeria
(*Premiere Times*, November 24, 2014)

"Each and everything they [the African National Congress] promised us is not materializing. This country is going to the dogs."

—Raphael Mohlala, 22, Johannesburg,
(Quoted in *The Washington Times*, April 15, 2004; A15)

"We are not going to sit and wait for our sons [to be released]. We really are going to march. It is our right. The police can beat us and send in the dogs against us mothers. During the march on 8 August 2015, the police broke one of my toes, this time they can break one of my legs, but the march will go ahead."

—Adália Chivonde, a defiant mother of prisoner Manuel Nito Alves.
The youngster, along with others, had been jailed on trumped-up charges of plotting a coup by the despotic regime of President Eduardo dos Santos of Angola, thirty-five years in power.
(*Maka Angola*, August 25, 2015)

Introduction

More than half a century after independence, Africa is still mired in poverty. Progress on the development journey has stalled: bad driver, bad vehicle, bad roads, bad strategy, and angry passengers fed up with lack of progress. Regarding the drivers, the first generation of African nationalist leaders made some serious mistakes in the 1960s. Looking back, it was understandable or inevitable. Perhaps Africa would have been better off had the first generation of leaders retired after independence and passed the baton onto a new set of leaders. There are several reasons for taking this position.

First, the nationalist leaders were in a hurry to develop Africa, for which they cannot be faulted. Nkrumah of Ghana for example declared that "we must achieve in a decade what it took others a century" (Nkrumah 1973, 401). But as the well-known aphorism instructs, things done in haste are never done right.

Second, they allowed ideology—rather than pragmatism—to influence their development decisions. Under the adopted banner of socialism, more reliance was placed on the state to spearhead development. Back in the 1960s, the argument appeared sound. Capital markets were not well developed, and raising, say, $20 million to build a road was simply beyond the capability of the private sector. The only entity which could marshal such resources was the state. But this

came at a tremendous cost. State involvement opened the door to favoritism, cronyism, bribery, corruption, bloated bureaucracies, inefficiencies, and waste.

Third, many of the leaders and government officials, especially military leaders, lacked basic understanding of economics. Somehow they believed that they could bark orders or exhort peasant farmers to increase production and, presto, they would do so. As we showed in Chapters 2 and 3, farmers do not go to the fields to break their backs and cultivate maize for altruistic reasons. Nor do market traders set prices for their wares on compassionate or humanitarian grounds.

All societies, regardless of their geographical location, ethnic or racial composition, or religion must confront the basic economic problem—that is, what to produce, how much, and for whom? As we saw in Chapter 2, in capitalist countries—as in the West—the economic problem is solved through the market system. In command economies—as in communist and socialist countries in the East—the economic problem is solved by the government planning bureaucracy.

It is important to emphasize that for centuries, Africa has also had its own unique way of solving the economic problem, as we saw in Chapter 4. The indigenous African solution also follows the market system, and in Chapter 3, we discussed at length the consequences of any misguided efforts to interfere with the market system.

We argued at length that there is nothing wrong with the traditional system. As a matter of fact, it was that same system which helped engineer the Golden Age of peasant prosperity in the late nineteenth and early twentieth centuries (1889–1960). The most pernicious tragedy after independence was the fact that most of the first generation of nationalist African leaders rejected their own indigenous economic systems. They then went abroad and blindly copied all sorts of alien systems and paraphernalia to impose on their people. Said Dr. Adebayo Adedeji, former executive secretary of UN Economic Commission for Africa and director of the African Center for Development and Strategic Studies in Nigeria:

> Unfortunately, the leadership that took over from the departing colonial authorities did not go back to our past to revive and revitalize our democratic roots. They took the line of least resistance and convenience and continued with despotism, autocracy, and authoritarianism. But the basic democratic culture is still there. (*Africa Report,* November/December 1993; 58)

As we saw in Chapter 5, state interventionism, socialism, borrowed ideologies, and other alien systems were failures. For example, the neglect of the traditional sector, whose mainstay is agriculture, made Africa unable to feed itself. Instead, African leaders chose to focus on industrialization, but that was not successful either. Many of the grand initiatives crafted by the OAU/AU and African leaders, as well as international development agencies and financial institutions, did not fare very well either.

By 1980, a full-blown economic crisis had emerged in Africa. Many leaders themselves admitted the errors they had made and sought assistance from the World Bank and the IMF. Some twenty-nine of them signed Structural Adjustment Programs (SAPs) with the Bretton Woods institutions in 1981. Those agreements obliged African governments to roll back the pervasive influence of the state in the economy, remove price and state controls, sell off unprofitable state-owned enterprises (SOEs) that were draining budgets, and place more reliance on the market. In return, an African country that satisfied these conditions would be able to access credit from the World Bank. Together, the two institutions put up $25 billion to support SAPs. Those were credible attempts to fix the bad vehicle. But it defied logic or common sense to fix a bad vehicle and give it back to the same bad driver who ruined it.

After the collapse of the former Soviet Union in 1989, a political conditionality was added: the establishment of multiparty democracy. For example, in 1991 the World Bank withheld loans to Kenya and Malawi until they had established democratic systems of governance. The political conditionality sought to fix the bad driver problem. But as we saw in Chapter 6, some implemented "coconut reform" on multiparty democracy. They wrote the rules, appointed their own electoral commissioners, and held coconut elections to declare themselves "winners." The ruling party in Ethiopia "won" 100 percent of the vote in the May 2015 elections.

Others took the foreign aid money and loans from the World Bank and the IMF and did the "Babangida boogie"—one step forward, three steps back, a flip, and a sidekick to land on the fat Swiss Bank account. Babangida not only messed up Nigeria's economy but also left office with $12 billion in loot. Only six of the twenty-nine reforming African countries were adjudged by the World Bank to have been success stories. Needless to say, the grand initiatives

of the United Nations, the OAU, and SAPs all failed miserably.

The real obstacles, as argued in Chapter 7, have been the state-mobile or the gangster state. In most of Africa the state vehicle is kaput. The institutions, which are supposed to provide the checks and balances, have all been subverted or hijacked by ruling vampire elites to serve their interests. They raid state-owned corporations and the national treasury with impunity. Enormous economic and political power has been concentrated in their hands. Where parliament exists, it is a rubber stamp. Rule of law is a farce because the judiciary is packed with allies of the ruling elites. Some of the judges themselves are crooks and on the take. For example, Amos Wako served as the Attorney General of Kenya for twenty years, from May 13, 1991, to August 26, 2011. During his tenure, he never caught one official bandit. His boss, President Moi, was busy "eating" and managed to accumulate a personal fortune of $3 billion.

During this time period, the African media was taken over by the state and gagged or used as a propaganda mouthpiece for the despot and his ruling party. The remaining private newspapers were cowed into silence with criminal libel suits, assassinations, and onerous registration requirements. But the most discredited and perverted institution in Africa has been the military-cum-security forces, lacking even an elementary understanding of their basic function in society. Instead of protecting the people, security forces rather train their guns on them.

Other institutions or systems in the state were also perverted. The civil service became chockfull of incompetent sycophants, party hacks, cronies, and tribesmen. It eventually became bloated, inefficient, and riddled with corruption. The educational system produced functionally illiterate clods. The police became highway robbers, on orders to protect the bandits in power. Tell a policeman that you saw a government minister stealing the people's money and it is you they will arrest!

Remember Lamidu Sanusi, the former governor of the Central Bank of Nigeria? When he told the president, Goodluck Jonathan, in February 2014 that $20 billion in oil money was missing, it was he, the governor, who was sacked! The banking system was manipulated by the despot and the ruling vampire elites who siphoned billions of dollars into overseas accounts. The goons of Nigeria's dictator, the late General Sani Abacha, organized pre-dawn raids on the Central Bank of Nigeria, carting off billions of dollars from its basement. In just four and a half years in office, Abacha accumulated a personal fortune exceeding $5 billion. "Sudanese President Omar al-Bashir was accused of siphoning off up to $9 billion of his country's funds and placing it in foreign accounts, according to leaked US diplomatic cables" (*BBC News Africa*, December 18, 2010).

Obviously the state-mobile needs a *complete overhaul*; changing the driver alone is not enough. It is even pointless to argue over who will be the best driver, whether a four-lane or six-lane super highway should be built or whether the vehicle should be painted red or blue. The institutions of the state must be reformed in order to establish good governance. But as we saw in Chapter 6, dictators and the ruling elites are just not interested in reform. Their mentality is perhaps the greatest obstacle to improvement in Africa.

Changing the Elite Mentality

African elites are seduced by high-tech gadgetry and modern machinery, and infused with a desire to "catch up" with the developed world. Horse-drawn carts, donkeys, chiefs, and shoes made out of old auto tires did not fit into the functionally illiterate elite's grandiose scheme of things. To them, development is synonymous with industrialization, modern and scientific methods. The developed countries are industrialized, *ergo* development means industrialization.

As we noted in Chapter 5, instead of utilizing the chiefs for rural development, they were stripped of much of their traditional authority after independence. In some African countries such as Ghana, Mozambique, Nigeria, and Zimbabwe, chieftaincy became politicized and the chiefs lost their reverence, respect, and traditional authority. Said an irate traditional Chief Nana Osei-Bonsu Asantefuohene in Ghana,

> Your "modern" politics [in Africa] is dictated by personal greed, power, and suppression of thought. Our forefathers believed in participatory democracy. They saw politics as a way to liberate and build nations.. . . The "modern" school [in Africa] taught us to read and write but not where we came from or where we are going to. The schools again teach us how to acquire money but not how wealth is created. We want to bring people's awareness back to their roots.
>
> The chief represents the people. Without the people there is no chief. They have one goal. The people make the rules and the laws and both the chief and the people adhere to the same rules. . . . We as a people have desert-

> ed our traditions in favor of [foreign ones]. We need to go back in time and learn every aspect of our traditions that served our forefathers well. (*African Monthly*, July 1995; 10)

"He who does not know where he came from does not know where he is going," says an African proverb. Africa is lost because the vast majority of the ruling elites do not know where they came from. They borrowed and copied blindly from abroad. After building statues of Marx and Lenin, they are now building Confucius Institutes. To the elites, the indigenous or the traditional sector was backward and primitive. Agriculture was roundly castigated as an inferior form of occupation. Industry afforded more status. Few of the informal activities interested Africa's dysfunctional elites, because they saw them as too "filthy." There are lots of fish in the sea which the elites can't catch. Rather, foreign vessels come and poach in Africa's waters, take the fish to their countries, turn them into "Tinapa" (canned mackerel), and ship them back to Africa for the elites to queue in the hot sun to buy.

As we saw in Chapter 9, Ghana government elites gave the native fishing industry little assistance or sought to help reorganize it. Instead, the government established the State Fishing Corporation. But that scandalous corporation became an economic disgrace—plagued by a catalogue of mismanagement, corruption, and inefficiency. It was sold off in the early 1990s.

Donkeys, horses, carts, and small-scale projects can raise the productivity of peasant agriculture, but the Hippo Generation—the ruling elites of the 1950s and 1960s—stodgy, pudgy, and wedded to the old colonialism–imperialism paradigm with an abiding faith in the potency of the state, harbored a mentality that was inimical to development: a mentality that needed to be revamped in three areas.

First, the "government" does not solve all problems. Quite the contrary: government creates problems. As such, the primary responsibility for taking steps to solve a problem must originate from the local level. Therefore, local institutions and government must be strengthened, which in turn requires greater decentralization of power.

The advantage in decentralization resides in the fact that the "development" or capital expenditures can be reduced considerably, with greater efficiency of results. For example, suppose the Akwadidi town needs a new school. The local "Village Development Council" may be asked to draw up its plans and put up half of the cost. It may levy head taxes, poll taxes, market tolls, etc., to raise the money. The national or regional government may then put up the remaining half as we argued in Chapter 9. Thus, not only would the national development budget be cut but also corruption and malpractices in contracts would be minimized, as accountability at the local level would be better enforced. Consider the case of Nana Sobin Kan II, the chief of Asansi Dompuase traditional area in the Ashanti region, who was destooled (removed from office) on February 7, 2012. The charge was,

> . . . continuously showing gross disrespect and disregard to kingmakers and elders of the stool. He had continuously sown seeds of confusion and litigation in the traditional area through the rampant sale of stool lands to private developers without plot numbers and site plans. He was also accused of having received huge sums of money as compensation on behalf of the Adansi-Dompuase traditional areas from AngloGold Ashanti in 2011 but failed to disclose the amount involved to kingmakers. (*Daily Guide*, February 10, 2012; 17)

Second, the content of education needs to be overhauled. The Hippo Generation overemphasized the literary type of education: the acquisition of university degrees and instruction in such subjects as history and the arts. The emphasis should rather be placed on vocational education to teach students such skills as cart-making, horse/donkey breeding, welding, brick making, sewing, basketry, auto mechanics, etc. Instead of building more Confucius Institutes or universities, African governments should be building more vocational schools. The advantage is that a graduate from a vocational school, with little capital, can immediately employ himself or herself. The university graduate, on the other hand, must often wait for the government to employ him.

But alas, enter the ***"China menace."*** In 2008, China announced it would provide Africa with $10 billion in aid over five years ***with no strings attached***. Immediately, Confucius Institutes began springing up all over the continent. A total of thirty-eight have been opened in twenty-five African countries. One need not question the practicality of a degree in Confuciusm as compared to the cultivation of cassava.

In 2015, China's economy slowed considerably with growth expected to be 7 percent or less. To boost its ailing economy, China devalued its currency, the yuan, by 2 percent in August 2015. The devaluation and the drop in Chinese demand for commodities or resources sent ripple effects throughout Africa. As was indicated in Chapter 6, the travails of Brazil should serve as

a warning to Africa, as summarized in the first couple of sentences of the following article:

> Not long ago, Brazil stood as the leading example of how a developing nation could rise toward global prominence on the force of a China-driven commodity boom. . . . As its economy surged, Brazil stormed the world stage—hosting a World Cup, demanding more say at the United Nations and blocking a US free-trade plan for the Americas. . . . Now Brazil is looking like a symbol of something else: resource-rich nations' habit of ending their booms with spectacular busts. *(The Wall Street Journal*, August 27, 2015; A8)

"Those who worry about China's development should focus less on its febrile stock market (the least accurate guide to the state of the economy), and more on the dangers that lurk in its politics," warned *The Economist* (August 8, 2015; 7). Indeed, since taking power in 2012 and outlining a "Chinese Dream" to rejuvenate the nation, Jinping has established himself as China's most powerful leader in decades by tightening his control of the military and targeting senior figures in an anticorruption campaign. But some political insiders claim Jinping contributed to the crisis by putting day-to-day decision-making—including on economic management, typically the premier's purview—in the hands of party committees all headed by himself. Inevitably, he would be held accountable for the economic mess; there would be a diminution of his political power, or an opening up of the political space. His natural instinct and that of his supporters would be to resist such calls, as they would imply failure of leadership. Such resistance could trigger an internal political implosion.

Third, government does not create wealth, only redistributes it. Wealth is created in the private sector, not in the government sector. Therefore, those African elites who want to get wealthy—and there is nothing wrong with wanting to be rich—should seek their own place in the private sector, even if they have to produce and sell donkey carts. And there is nothing wrong with becoming rich by producing donkey carts or services the poor want. In fact, many people have gotten rich by providing a service which the poor need and are willing to pay for, without exploiting them. Recall that every social need is a business opportunity

One of the richest people in the United States—Bill Gates, with a personal fortune of nearly $80 billion—made his money in the private sector by producing Microsoft computer software, which has raised the productivity of both poor and rich workers. He has provided a valuable service to society and has something to show for his wealth. By contrast, the richest persons in Africa are heads of state and ministers, who have used the government machinery to extract wealth from the backs of the suffering masses. Politics, therefore, has become the gateway to fabulous wealth in Africa. So every educated buffoon wants to be the president; they don't want to produce anything in the private sector.

In 2014, Isabel dos Santos, the daughter of President dos Santos of Angola, was reputed to be worth $3.4 billion, according to *Forbes* magazine. Imagine how much her father was worth. Who wouldn't want to be president with that much available? As a result, there is always ferocious competition for the presidency and ministerial positions—competition that often degenerates into civil strife and war. Congo, Liberia, Sierra Leone, Somalia, and other African countries have been thoroughly destroyed by such wars. Yet, educated clods and barbarous warlords still fight ferociously to death over who should be the next president. How many of the 229 Africa heads of state, between 1960 and 2015, were good leaders and statesmen? Fewer than fifteen.

If the Hippo Generation were to seek their wealth in the private sector, both Africa and the Hippos would reap immense benefits. For one thing, Africa would start producing again. For another, it would save the Hippos their own hides because, come a change of government, no one would haul them before commissions of enquiry and prosecute them over ill-gotten wealth if they had made that wealth in the private sector.

Unfortunately, the sit-tight Hippos are beyond redemption. They sit there looting the treasury, mismanaging the economy, and suppressing dissent until somebody comes to shoot them in the head. Makes a whole lot of sense, doesn't it? Moammar Ghaddafi of Libya is dead, shot between the eyes in 2011. Charles Taylor of Liberia is in the slammer for fifty years. Hosni Mubarak was briefly paraded in a cage. And Ben Ali of Tunisia has been on the lam since 2011. One would like to think that the rest of the leaders had learned a lesson from such ignominious demises, but no, they continue to repeat the same foolish mistakes again and again.

Albert Einstein once defined insanity as doing the same thing over and over again and expecting different results. Lunacy, in this author's view, is doing the same foolish thing again and again and expecting the same stupid results. In fact, the entire postcolonial history

of Africa can be written in terms of the last sentence: repetition of the same foolish mistakes and expecting the same foolish results. If the leadership had learned anything from each other's blunders, it would have been able to save Liberia in 1990, Somalia in 1991, Burundi in 1993, Rwanda in 1994, Zaire in 1996, Sierra Leone in 1997, and several other African countries. Sadly, more African countries are heading toward implosion, Algeria, Angola, Burundi, Cameroon, Central African Republic, Eritrea, Ethiopia, the Gambia, Rwanda, Uganda, and Zimbabwe, to name a few.

This is why Africa's hope and salvation lie with the Cheetah Generation—the new and dynamic generation of pragmatic and intellectual Africans discussed in Chapter 9. It is this generation that can initiate small-scale projects in the informal and rural sectors to help the Atingas and make money in the bargain. Money can be made by helping the poor, and there is nothing immoral about that.

The solutions to Africa's myriad of problems lie in Africa—in her own bosom of indigenous institutions. There are no shortages of preeminent Africans willing to offer solutions. Said UN Secretary-General Kofi Annan in an interview with *The Guardian*, Nigeria, (May 11, 2006):

> We need to play by the rules. We need to accept and respect the constitution, we need to accept electoral laws, we need to accept the results of elections and we should not tamper with the constitution to perpetuate our rule. What worries me is that, if this trend continues where leaders are able to change the constitution . . . the constitution is never written for an individual, it is written for a nation and must stand the test of time. . . . [I]f you change [it] to suit individuals and they extend their mandate in office, we may face the situation where the soldiers who are now in barracks will come back and say, since we cannot go through change in the normal democratic way, this may be the only way to do it. We don't want that.

Nobel laureate Archbishop Desmond Tutu runs the African Leadership Institute (www.alinstitute.org). He corralled a group of eminent Africans to address the leadership crisis and offered some salient solutions in an open letter to young and future leaders of Africa. This letter was posted on the institute's website on February 8, 2008. Excerpts are reprinted below:

> **An Open Letter to Africa's Present and Future Leaders**
>
> From Angola to Zimbabwe, questions abound about Africa's present state. All capitals listed between Abidjan to Zanzibar, are not new to the rising voices of Africa's sons and daughters who wish to know the fate of their land. Some express this concern through silent hope, others through evident fear, and many others look in no other direction than that of their leaders—those we have come to know as the captains of the ship of the state. Others even argue that Africa's answers remain with future leaders, and not today's. But there has been a crisis of leadership in Africa. The hopes and dreams of the citizens of this continent have been dashed by our post-colonial leaders—from the heroes of the liberation struggles through to the leaders of opposition parties that subsequently emerged.
>
> The citizens of Africa deserve a brighter future, and that begins with visionary leaders who can answer the challenges that Africa faces as part of a global community in the 21st century. Recent events across the continent are cause for serious concern: from the crisis of corruption in Nigeria, the political tensions in South Africa leading to the 2009 election or the political crisis in Kenya which is turning a once prosperous country into one that is marred by bloodshed and ethnic tensions. The ongoing conflict in Sudan, the current crisis in Chad, or the socio-political and economic meltdown obtaining in Zimbabwe have all caused great instability in the lives of millions of Africans across the continent.
>
> We do not seek to play the usual game of just listing the problems but join our voices to that of over 920 million Africans to demand fair play in political processes. Though all of our democracies are young we expect our leaders to be men and women of excellence who respect the electoral process and as such the wishes of the people.
>
> As young people in Africa who are leaders in politics, business, health and information technology, we stand together and recommit ourselves to the ideals of true leadership, and we make the following recommendations:
>
> **(a)** The establishment of a high-level African Union-led campaign to fight tribalism and inequality in all its forms across the continent. Each country should establish a Commission Against Tribalism and Inequality (CATI) to fight the scourges, and to protect vulnerable minority groups. CATI should bring politicians using ethnic manipulations to perpetrate violence to justice and stop them from participating in future political contests; **(b)** Political leaders must be servant leaders and use their power and influence as a tool for socio-economic change rather than oppression and fueling personal greed; **(c)** The establishment and strengthening of relevant

institutions (judiciary, electoral commissions, etc.) that ensure independence of the Electoral Regulatory Authorities in each country; and the establishment of an AU Electoral monitoring body which monitors elections and has a clear, well defined set of guidelines which it uses to determine if the process is free or fair;

(d) The rediscovery of our true identity as Africans, to embrace and inculcate the moral base of honesty, love, peace and integrity. We believe that people of integrity would not allow a beautiful, socially and economically stable country like Kenya to collapse into political disarray;

(e) The strengthening of our national economies, and systems to ensure the provision of adequate health care, education and other social services that will equip all Africans to partake in a better future.

As young leaders in our own various spheres of influence, we as the 2007 Archbishop Desmond Tutu Leadership Fellows find silence at this critical moment inconvenient. We believe that silence and inaction in the face of yesterday's challenges are responsible for the anomalies we see across the continent today. We lend our voices to the call for African leaders—today, and in the future—to consider the common good over personal fears or greed. We are proud of those who have shown us that leadership is about service and call on all other leaders to remain true to the spirit of purposeful leadership.

Signed: *2007 Archbishop Desmond Tutu Fellows* [Brilliant Mhlanga (Zimbabwe), Dan Kidega (Uganda), Ed Mabaya (Zimbabwe), Erik Charas (Mozambique), Gbenga Sesan (Nigeria), Grace Ofem (Nigeria), Hassan Usman (Nigeria), Herine Otieno (Kenya), Ipeleng Mkhari (South Africa), Lisa Kropman (South Africa), Mezuo Nwuneli (Nigeria), Niven Postma (South Africa), Saida Ali (Kenya), Takalani Musekwa (South Africa), Tariro Makadzange (Zimbabwe), Terence Sibiya (South Africa), Tracey Webster (South Africa), Yohannes Mezgebe (Ethiopia),

Did they listen?

The Sequence of Reform *Redux*

Having changed elite mentality, next the state-mobile must be fixed or reformed. On this score it is important to get the *sequence of reform* right. Otherwise the revolution and other reform initiatives would unravel—as they did in Sub-Saharan Africa in the 1990s, and Tunisia and Egypt in 2011.

The euphoria that initially greeted the Arab Spring in 2011 dissipated rather quickly. The revolutions in Tunisia and Egypt, started by the youth, were hijacked by senile clerics, some in exile for decades. Libya was fractured and in turmoil while the horrific slaughter of civilians by Syria's Bashar al-Assad left over seven thousand dead in 2015. Elsewhere in the Arab world, a deadly stand-off unsettled Yemen and Bahrain.

Revolutions seldom produce desired outcomes. The Iranian 2009 Green Revolution flopped; the 2005 Cedar Revolution of Lebanon self-immolated; the flower revolutions in Eastern Europe wilted. Toppling a dictator is only the first step in establishing a free society. The next step is dismantling the dictatorship itself. It is analogous to having a bad driver with a defective vehicle. After sacking the driver, the vehicle itself must be fixed; else the new driver will land in a ditch. In far too many countries, the second step was either not attempted, debauched, or manhandled, which often led to a reversal or hijacking of the revolution. Sub-Saharan or Black Africa's village revolutions in the early 1990s, which occurred in over forty countries, provide a treasure trove of revealing insights as to why some revolutions succeed while others fail.

During the struggle against colonialism, African nationalist leaders made democracy their rallying cry and demanded its establishment across Africa. But suddenly after independence in the 1960s, the same nationalist leaders rejected democracy as a "Western institution." Kwame Nkrumah of Ghana, for example, dismissed it as "imperialist dogma." The nationalist leaders then proceeded to establish Soviet-style one-party socialist state systems and declared themselves "presidents-for-life." Statues of Marx and Lenin were erected to grace the capitals of Angola, Benin, Ethiopia, and Mozambique. In 1990, just four of the then fifty-three African countries were democratic.

After the collapse of the former Soviet Union in 1989, Africa's emperors suddenly found themselves with no clothes. "Village revolutions" swept across Africa, toppling many of them. From 1990, ordinary Africans, including women with babies strapped to their backs, braved bullets and staged street demonstrations, demanding democratic pluralism and resignations of their presidents. Dictators met protesters with tear gas, stun grenades, arrests, kidnappings, bullets, and curfews. But the revolutionary ferment, which began in Benin, spread to Cape Verde Islands, Mali, Malawi, Togo, Zaire, Zambia, and eventually reached South Africa with the election of Nelson Mandela in 1994.

In all, Africa's village revolutions produced the following six outcomes:

- Peaceful, non-violent transition to democracy: Benin (1991), Cape Verde Islands (1992),

Sao Tome and Principe (1992), South Africa (1994), and Zambia (1991);

- Ferocious resistance to change, resulting in civil war and carnage: Somalia (1991), Burundi (1993), Rwanda (1994), and Zaire (now DR Congo, 1996);
- Successful ouster of dictators but subsequent hijacking of revolutions by groups that were not part of the revolution: Ivory Coast (1992), Nigeria (1993), and Tanzania (1995);
- Reversals of the revolution with dictators replaced by crocodile liberators: Ethiopia (Mengistu Haile Mariam by Meles Zenawi, 1991), Gambia (Dawda Jawara by Yahya Jammeh, 1994), Liberia (Samuel Doe by Charles Taylor, 1990), Niger (Mahamane Ousmane by General Ibrahim Mainassara, 1996), Sierra Leone (General Joseph Momoh by Captain Valentine Strasser, 1992), and Uganda (Milton Obote by Yoweri Museveni,1986);
- Ousted dictators clawed their way back to power: Benin (Mathieu Kerekou, 1996), Congo-Brazzaville (Denis Sassou-Nguesso, 1997), and Madagascar (Didier Ratsiraka, 1996);
- Dictators learned new tricks to beat back the democratic challenge: Angola, Burkina Faso, Chad, Cameroon, Ghana, Sudan, Togo, and Zimbabwe.

Only the first outcome of the six was desirable. The rest produced a serious setback for the democratic struggle and a descent into chaos and civil wars. Thus, Black Africa's village revolutions were marginally successful. The number of democracies increased from four in 1990 to twelve in 2004 but has remained stubbornly stuck at fifteen in 2018. In Ethiopia's May 2015 elections, the ruling TPLF "won" 100 percent of the vote with opposition leaders in jail or exile. Africa is still not free.

Four factors determine the success or failure of revolutions: the receptivity of the dictator to change; body managing the transition; duration of the transition process; and implementation of constitutional and institutional reform.

First and second, much bloodshed was avoided when dictators accepted the need for change and the transition was managed by a broadly representative body. For example, Benin's nine-day "sovereign national conference" in February 1990 convened with 488 delegates, representing the broad spectrum of Beninois society. Elections were held in 1991. South Africa employed the same vehicle—Convention for a Democratic South Africa (CODESA)—in July 1991, with 228 delegates, and culminated in the election of Nelson Mandela in March 1994. (For the Arab Spring, a *grand majlis* or a *loya jirga*, as was the case for Afghanistan in 2003, would have been more appropriate.)

Third, a hasty transition period proved counterproductive. It took the United States thirteen years (1776–1789) to transition from independence to democratic rule. South Africa took three years. A short transition period—say, six months—does not give new parties time to organize while giving old opposition parties an edge (as occurred in Tunisia and Egypt).

Finally, after the transition a whole battery of reforms must be implemented. Dictators manipulated the constitution and packed all key state institutions with their supporters and cronies. For a revolution to be sustained the constitution must be revamped and institutions cleansed of the "*nomenklatura*." Sadly, in many countries, these reforms were not implemented, allowing the return of authoritarianism: Ethiopia (under Meles Zenawi), Liberia (under Charles Taylor), Uganda (under Yoweri Museveni), Russia (under Putin), Kyrgyzstan (under Kurmanbek Bakiyev), Georgia (under Mikhail Saakashvili), and Ukraine (under Viktor Yanukovich).

In all cases, however, one lesson stands clear: wherever the transition was managed by the military or a rebel group, the outcome was disastrous. Military dictators simply manipulated the process, created their own parties (Ghana, Uganda, and Myanmar), shooed in their favorite parties (Mali, Nigeria) or "civilianized" themselves by shedding military uniforms and donning civilian clothes (Burkina Faso, Chad, Gambia, Ghana, Niger). Nigeria's transition by its military dictators was the most egregious.

General Ibrahim Babangida began the transition in 1985. After frequent interruptions and devious maneuvers (and since the United States has two major political parties), he created exactly two parties for Nigeria in 1992. Then he wrote their manifestos, too: "One a little to the left, the other a little to the right." And when the June 12, 1993, presidential elections produced a winner he did not like, he annulled the elections altogether.

Next to manage the transition was General Sani Abacha—"*Butcher of Abuja*." He called a Constitutional Conference in 1994 with 396 delegates, who were "guests of the military." A fourth of their number (96) were selected by himself. When in 1997 he finally allowed five political parties to be registered, they all immediately chose him as their presidential candidate!

General Abdulsalam Abubakar was the next to attempt constitutional engineering, but he played "hide

and seek" with the exercise. For Nigeria's 1999 transition to democracy, he had two constitutions prepared and held them closely to his chest. Which to release depended upon the election results. If the results went one way, Constitution A would be released; if they went the other way, Constitution B would be released. Thus, Nigerians went to the polls in March 1999 without knowing whether or not there was a constitution, nor its contents.

To be sure, starting a revolution and toppling a dictator is tough. Perhaps even more formidable is managing the transition and implementing reforms. Bungling either allows crocodile liberators and quack revolutionaries to take over. In Ayittey (2011), this author warned that various types of reform were being undertaken haphazardly and out of sequence in Tunisia and Egypt. After the ouster of dictator Zine el-Abedine Ben Ali on January 14, 2011, an interim government was set up that consisted of many of the old guard (Ben Ali officials) in top key positions. Although a few cosmetic changes were made, most of the powerful Ali nomenklatura remained. Street protests and resignations by four opposition ministers did not change things. The interim administration was headed by Mohammed Ghannouchi, Ben Ali's former prime minister, to organize free and fair elections in six months. This set-up raised several red flags:

- Ghannouchi, a Ben Ali stalwart, was not credible; he was forced to resign.
- A much broader-based group, say a grand majlis, was needed to deliberate on constitutional reform and political dispensation for the country. A stake-holders' conference was needed to solicit input from the youth, women, trade unionists, lawyers, etc. The interim administration, made up of Ben Ali allies, was a poor choice.
- The six-month transition period was too short. A new constitution needed to be drafted and put to referendum. Electoral rules needed to be re-written as they gave Ben Ali's RCD party an entrenched advantage. That party had to be disbanded. But doing so without giving sufficient time for other parties to form (six months is too short) would give the established Islamist party, Ennahida, an unfair advantage.

Tunisians chanted, "We got rid of the dictator, not the dictatorship." Getting rid of the dictatorship meant disassembling the institutional framework that bolstered Ali's autocratic rule. Six months was too short a time to accomplish that. The constitution, the judiciary, the police, and other key state institutions all had to be reformed and "de-wormed." Indeed, Tunisia's new prime minister, Hamadi Jebali, said exactly that in Germany in March 2012. "It is true that we toppled (the dictator) because the former president had to flee," Jebali told the DGAP foreign policy think tank. "But the whole system has not yet been overturned. The Tunisian revolution is now at a crossroads," he added (AFP, March 14, 2012).

After protesters toppled the dictatorship of Ben Ali in 2011, Tunisia made some ungainly political progress. In 2014, it adopted a new constitution and held parliamentary and presidential elections. But those achievements were not matched in the economic arena, which was still haunted by Mr. Ben Ali's abuse. Growth slowed to 2.2 percent in 2014, from an already sluggish 2.6 percent, estimated by the World Bank. The jobless rate remained above pre-revolution levels at 15.3 percent. *The Economist* magazine noted,

> But the country's biggest problem is of its own making. The government has failed to cut the red tape and end the corruption that have [sic] long stifled business. Tunisia's revolution—and the Arab spring itself—began after Muhammad Bouazizi, a fruit vendor, set himself on fire to protest about officials who would not let him ply his trade without bribing them. The old regime was so crooked that by the time Mr. Ben Ali was deposed, firms connected to him reaped 21% of private-sector profits, while employing just 0.8% of the workforce and producing just 3.2% of output, according to a report from the World Bank. (*The Economist*, July 4, 2015; 38)

In 2015, most Tunisians thought graft had gotten worse. The system that favored Ben Ali's cronies remained largely in place, benefiting other businessmen. "Domestic and foreign investors continued to face barriers to entry in sectors representing nearly 60% of the economy" (ibid).

The new ruling coalition, which has a large parliamentary majority, may enact reforms. But there is still a reluctance to open up certain sectors and little debate over the large role of the state. Powerful trade unions can slow things down and Nidaa Tounes, the party with the most seats, includes many former members of the old regime. Its founder, Beji Caid Essebsi, is now Tunisia's president. (ibid.)

In Egypt, a similar scenario emerged. After Hosni Mubarak was ousted, former UN official and Nobel laureate Mohammed El Baradei suggested a "one-year transition" to free elections. Before those took place, he said that Egypt needed a new constitution

drawn up by a provisional council, including figures from the military and opposition (*The Wall Street Journal*, February 12–13, 2011; A16). His credibility was blown when he announced with indecent haste his intention to run for president, even though the constitutional reforms he had demanded for free and fair elections were still not in place. Anyone who thinks he can only solve the problems of his country by being president is least qualified for the presidency.

Note the sequence in Egypt: street protests (freedom of expression), Mubarak ousted (political change), one-year transition period for constitutional reform. Again, the one-year transition period suggested by El Baradei was too short. Recall that it took South Africa three years (1991–1994) to organize elections and the United States thirteen years from the day of independence (1776) to the day the US Constitution was finally ratified (1789). What was the point in rushing through elections?

However, in Egypt, that question was rendered moot by the intervention of the military. The Supreme Council of the Armed Forces that eased Mubarak aside announced on February 13, 2011, a six-month transition period and then free and fair elections. The same red flags popped up in Egypt as well.

The Supreme Military Council was the wrong body to craft a new road map for governing Egypt by fiat, without input from political opposition and other groups, raising questions about how deeply the military understood the democratic process and the demands of modern politics. In many cases in the past where the military has managed a transition to democratic rule, it was a disaster. A much broader-based group was needed. The military might have earned the trust of Egyptians by not firing on the street demonstrators, but the military was full of Mubarak henchmen.

As in Tunisia, the six-month transition period was too short. Mubarak's NDP party had to be disbanded and sufficient time given for other parties to form; else, the short time table would give undue advantage to the NDP and the Muslim Brotherhood, the most effectively organized opposition party.

Reform in the aftermath of a revolution is a process that must be carefully thought out and executed. The rush to free and fair elections within six months endangered the gains of the revolution—and even reversed them—particularly in Egypt.

Since 2010, the following countries have imploded, descending into gratuitous mayhem and instability: Central African Republic, Egypt, Ivory Coast, Libya, Mali, South Sudan, and Tunisia. Popular uprisings or revolutions do not always bring respite. As Africans are wont to say, "We struggle very hard to remove one cockroach from power and the next rat comes to do the same thing! Haba!" Egyptians can well relate to that aphorism. They rose up and struggled to remove Hosni Mubarak from power in 2011 and got Mohammed Morsi. They rose up again and tossed him out in 2013.

Egypt's army chief, General Abdel Fattah al-Sisi, who took over in 2013, became stupendously popular with secularist Egyptians, especially women. Songs were dedicated to him and his face appeared on chocolates and posters on the street. The adulation was understandable. President Mohammed Morsi, the first democratically elected president after the Egypt's 2011 revolution, was a miserable disappointment. His one-year rule was erratic and despotic; he tried to grab more powers for himself by sacking judges. He was ousted from power by the military after massive street protests in July 2013. Supporters from his party, the Muslim Brotherhood, staged massive, often violent protests against his removal. A crackdown by the military left over a thousand dead.

In times of political turmoil, violence, and near-anarchy, it is natural to yearn for stability and order, and pine for a strongman—often a military man. General al-Sisi fit the bill. But as he prepared the country for elections in July 2014, he signaled his intention to run for president—a clear conflict of interest—eerily reminiscent of the scrofulous antics of former Nigerian president the late General Sani Abacha. Some Western nations may back General al-Sisi because of his declared war against terrorists. But that would be a grievous mistake as that would mean a complete reversal of the 2011 revolution that was hijacked by Morsi. The "feloulahs" (remnants of the Mubarak regime) or the "Deep State" soon came back in charge. Was the revolution for nothing? Would Field Marshall Abdel al-Sisi turn out to be an even bigger "rat"?

By June 2015, the signs were becoming ominous and sounding like a broken record: repression necessary to achieve "stability" and to fight "terrorists." Sounds eerily familiar. Indeed,

> The government of President Abdel Fattah al-Sisi is gearing up for that second campaign. To reinforce a battery of harsh laws already on the books, it has proposed a new counter-terrorism bill. Among its 55 articles is one stating that those who intentionally publish "untrue news or data" contradicting the official line will face at

> least two years in prison. Egyptian human-rights activists and the national journalists' union have condemned the draft law was both unconstitutional and counterproductive. . . . Mr. Sisi, who justifies his authoritarian rule with the promise of ***stability***, gets little trouble from the Egyptian media. Deferential TV networks have yanked critics off the air. Media owners heed pressure from the regime, including directives from the army's powerful Morale Affairs Department.
>
> Foreign media have been more critical. Al Jazeera, a Qatari news channel, is accused of showing sympathy for the Muslim Brotherhood, which Mr. Sisi deposed and then blacklisted. Three of its reporters spent 400 days in jail for allegedly harming national security. A correspondent for the Spanish daily El País fled the country, following a warning from Spanish diplomats that his arrest was imminent.
>
> Egyptian reporters face the most serious risks. At least 18 are in prison, mostly on suspicion of sympathising with the Brotherhood. Non-journalists are being silenced, too. A star footballer was suspended after describing Mr. Sisi as a "failure" on Facebook. Police arrested workers from a local NGO conducting a survey of conditions in a Cairo slum, and deported a French student researching a youth group that was prominent in the 2011 revolution but is now banned. (*The Economist*, July 11, 2015; 38)

In August 2015, President Abdel Fattah al-Sisi indeed approved the tough new fifty-four-article anti-terrorism law amid an escalation of violence, but rights groups criticized it as a repressive tool to quash political opposition that harks back to the decades when the country was ruled by emergency law.

> One of its provisions makes journalists liable to fines of up to $63,000 if they publish reports that contradict government accounts of alleged terrorist activity, state media reported. Egyptians lived under emergency law for three decades until President Hosni Mubarak lifted it in February 2011 in a last-ditch effort to save his regime amid the country's Arab Spring revolt. The emergency law gave police broad powers and allowed suspects to be detained without trial or charge. In the end, the public was deeply resentful of the police, who abused their powers, and that resentment was a root cause of the uprising. (*The Wall Street Journal*, August 17, 2015; A9)

After taking office in 2013, President al-Sisi assumed full legislative power and cracked down on Mr. Morsi's Muslim Brotherhood, declaring the Islamist party illegal and sentencing hundreds of suspected members to death and more than 40,000 to prison. For the first two years of his rule, Egypt did not have a parliament and President al-Sisi essentially ruled by decree. Evidently, the so-called revolution in Egypt was completely reversed under al-Sisi.

As discussed in Appendix 1, the military has been the most discredited institution in postcolonial Africa. Nowhere in Africa have military men shown themselves competent or capable of running an economy successfully. In fact, no military ruler has brought lasting prosperity to any African nation. Rather, grotesque economic mismanagement often characterizes military rule. Of the twenty countries at the bottom of the UNDP Human Development Index for 2013, nineteen were African and of that lot, the economies of sixteen of them had been devastated by decades of military rule. (See page 158 of the report at http://bit.ly/1jtTjS6.). Nor has military rule brought stability to Africa. On the contrary, military rulers have left a trail of wanton destruction, collapsed or failed states, and human debris in their wake.

The Entry of China

The entry of China into Africa made matters worse. By themselves, few of the African leaders were willing to reform their abominable systems. They would wait until the system blew up, blame the West or colonialism, and then demand foreign aid as reparations. Robert Mugabe of Zimbabwe was a classic example. Until that point, Western donors and the World Bank exerted leverage and pressure on African governments by tying aid to economic and political reforms. For example, the West made its aid conditional on progress toward reform in several areas, including democratic pluralism, the rule of law, human rights, reduction of graft, and improved access to education.

But after China declared 2005 as "The Year of Africa," and began incursions into the continent, it removed this leverage or pressure by promising aid without any conditionalities. China never required these challenging commitments of its African aid recipients. China only asked that countries recognize the People's Republic of China, and not Taiwan, as the only China. Under the precedent that Beijing set, countries unable to work to meet US standards could be increasingly confident that if they turned their backs on the Western powers, China would still be a willing partner and source of investment. In this way, China's increased engagement with Africa did more to undermine and impede the continent's halting steps toward democratic accountability and better governance.

Indeed in 2002, an IMF team that went to Angola to help the country put its financial affairs in order was flabbergasted by Angola's robber economy, and even more by the nonchalance of its leading officials. Though the regime contracted $3 billion worth of loans in 2001 alone, one senior official told the IMF team with a straight face that Angola had taken out no commercial loans in years. In March 2002, the IMF reported that despite years of assistance, the government's finances remained hopelessly opaque, that officials had fended off all demands for reform and thus "it would be very difficult for Angola to formulate a meaningful poverty-reduction strategy."

A "donors' conference" was scheduled for that July. But after the IMF report, the United States and Britain pulled out, and Angola, still deeply in debt despite billions in oil revenue, was left to bitterly contemplate its options. Luckily for Angola, a new benefactor materialized. China came to the rescue with a $2 billion oil deal, mortgaged against future oil production. Who benefited from this deal? Recall that Isabel dos Santos, the daughter of the president, was worth $3.4 billion.

One may argue that China came out ahead by poking the West in the eye. Angola also benefited by telling the West to go jump into the lake. The real losers, however, were the people of Angola, who had no say in loans contracted on their behalf. Clearly, the entry of China into Africa has made African leaders even more recalcitrant about reform.

A decade later, prospects for reform had turned even bleaker. Feeling shoved aside by China's advances in Africa, the West began to court Africa again. The European Union held a fourth EU–Africa Summit in Brussels (April 2–3, 2014) in Brussels. Reform was not on the agenda; rather trade was. Not to be outdone, the Obama administration, for its part, held its first US–Africa Summit in Washington in August 2014. The heads of state of fifty African countries were invited—a list which inevitably included leaders of rogue and failed countries. Imagine Yahya Jammeh of Gambia and Paul Biya of Cameroon being invited to the White House.

By 2015, the reform process in Africa had stalled. Only fifteen out of the fifty-five African countries were democratic and fewer than eight African countries were "economic success stories." Intellectual freedom remained severely restricted: only eight African countries had free or independent media. But without new leadership and genuine reform, more African countries were destined to implode, and China's incursions into Africa made the situation worse.

The Way Forward

The prognosis for Africa remains bleak. The development scenario in most of Africa remains the same: bad driver, bad vehicle, bad roads, and angry passengers. A new grand initiative by the United Nations is not needed; neither is a new rocket jet propellant from the World Bank. The bad vehicle and bad roads need to be fixed. Also essential is what may be politely called "political renewal," which scholars often tend to ignore. Political stability is essential for successful economic development, but it is not assured by having one person rule for life. This opens up a whole new can of worms on whether democracy or political reform is necessary first or must go hand-in-hand with economic reform.

But as argued in Chapter 8, real reform begins with the restoration of intellectual freedom. This should be followed by political reform, constitutional reform, institutional reform, and finally economic liberalization (Ayittey's Law). The case for reform must be made by the African people themselves—not by outside agencies like the World Bank or Western donors. Neither should the case for reform be made and executed by discredited and despotic African governments.

One often hears some Western government official say that the future of Nigeria—or Africa for that matter—lies in the hands of its people. But how in perdition do the people determine their future without having freedom of expression? This attitude smacks of either racism or an offensive patronizing view that Africans do not know what is good for them. Why not allow the African people themselves to determine and debate what is good for them?

It may be argued that democracy is not essential to engineer an economic miracle, but it is vital to sustain it. As we saw in Chapter 8, the classic example is Ivory Coast, which was hailed as an economic miracle in the late 1980s. However, its political system—one-party state—was an abomination. Political reform was fiercely resisted by the ruling elites and the country imploded in 2005 and 2010, wiping out most of the economic gains that had been made in previous decades.

Madagascar also suffered a similar fate. It was touted as an economic success story in 2000. But a political dispute in 2001 plunged the country into political turmoil. The country's political climate is pockmarked by numerous popular protests, several disputed elections,

an impeachment, two military coups, and one assassination. Recurrent political crises over the presidency between two individuals—Didier Ratsiraka and Marc Ravalomanana—have had detrimental effects on foreign investment and the economy.

Several African countries are destined to follow this ruinous path. Their leaders have overstayed their welcome but are not willing to relinquish their grip on power. In 2018, the following had spent twenty or thirty years in office: President Yoweri Museveni of Yugada. (It may be recalled that back in 1986, upon assuming office, he declared that, "No African head of state should be in power for more than ten years." He was wildly cheered across Africa, but he was still president in 2018.) There are others as well: Teodoro Obiang of Equatorial Guinea (thirty-eight years), Paul Biya of Cameroon (thirty-six years), Omar al-Bashir of Sudan (twenty-nine years), Idriss Deby of Chad (twenty-eight years), and Paul Kagame of Rwanda (twenty-four years).

A few small countries may dash forward in the post-Millennium Development Goal (MDG) era, but the majority of African countries stumble through cycles of implosion, rebuild, re-implosion, re-rebuild, and so on. In such political upheavals, it is always the poor who suffer the most. Candidates likely to suffer this fate are the following: Algeria, Angola, Burkina Faso, Cameroon, Chad, Eritrea, Ethiopia, Gambia, Guinea, Togo, Uganda, and Zimbabwe.

In Burkina Faso, former President Blaise Compaore, who had been in power for twenty-seven years, sought to get Parliament to amend the constitution so that he could run for a third term. But before the MPs could vote, angry protesters stormed the Parliament building and burned it down on October 30, 2014. Following the uproar and chaos that claimed over thirty lives, President Compaore resigned and fled to Ivory Coast.

The way forward lies in three imperatives: reform, reform, and reform. The economic and political systems and the institutions imposed on the African people by their leaders after independence must be dismantled. Not only were they defective but also alien. But the leadership has been adamantly unwilling to reform them. Reform would threaten their business empires, threaten their hold on power, and undermine their political support base. State controls allow them to extract resources to build huge personal fortunes and to dispense patronage to their political supporters.

Fear is another factor. With their pockets full of booty and their hands dripping in blood, they fear their gory misdeeds will be exposed if they lose power. Thus, under pressure from external donors, they implement only the barest minimum cosmetic reforms that ensure continued flow of Western aid. Reform becomes a charade. Accordingly, the democratization process has stalled, and economic reform, despite tutelage by (and billions of dollars from) the World Bank, has produced only a phantom list of economic success stories.

Institutions such as the judiciary, the media, the military, and the central bank are yet to be reformed. Apparently, African mafia states and coconut republics won't reform themselves. In fact, the modern sector is not reformable. But then again, without genuine reform, more African countries will implode, creating an environment that deters investment and stunts economic development, sparking more appeals for Western aid. The continent is stuck in a veritable development conundrum.

What to Do?

It is clear to all what needs to be done to save Africa, but the leadership is stone-deaf and impervious to reason. One would think other African leaders would learn a lesson or two about finagling with constitutional term limits to stay in office after the experience of Dictator Compaore, but no! Barely four months after Compaore was chased out of the country, Pierre Nkurunziza of Burundi announced he would seek a third term. Protests left thirty people dead, with over 200,000 people fleeing into Rwanda as refugees. Despite this, he stood and "won" the July 24, 2015, election boycotted by opposition groups. Next was Paul Kagame of Rwanda seeking a third term after twenty years already in office. Obstinate and contemptuous leadership remains the sticking obstacle to reform, change, and development.

Under such circumstances, a continental body such as the African Union (AU) can be extremely helpful in enforcing change. But the AU itself is worse than useless. It can't even define democracy, let alone enforce democratic accountability. A den of unrepentant despots, there is no election the AU doesn't like; it certifies all as free and fair, regardless of the outcome. One would be hard-pressed to name a single conflict the AU has been able to resolve in the postcolonial period.

When a conflict erupts in Africa, its instinctive reaction is to blame "a foreign conspiracy" and badger Western donors and the United Nations for peacekeep-

ing troops and relief assistance. Indeed, when Rwanda blew up in 1994, the AU was nowhere to be found. It was busy doing the Watutsi dance in Addis Ababa. Then it blamed the West for not doing enough to stop the genocide—as if it had done anything on its own to do so—and demanded reparations from the West at its 2000 Summit in Lome, Togo!

To be fair, the AU did send one hundred peacekeepers to the Darfur region in Sudan in 2004. But when their base on the edge of Haskanita, a small town in southern Darfur came under sustained rebel attack, "10 were killed; at least 40 fled into the bush. The attackers looted the compound before Sudanese troops arrived to rescue the surviving peacekeepers" (*The Economist*, October 11, 2007; 48). Some peacekeepers! "Even the displaced civilians whom the AU peacekeepers were trying to help staged violent demonstrations against the force out of frustration with its shortcomings" (*Washington Post*, May 30, 2006; A16).

Nor could the AU even find the funds to build a new headquarters for itself. Its new, gleaming $200 million headquarters in Addis Ababa, constructed with Chinese workers, was a "gift" from China. None of Africa's bandits, who had stolen billions of dollars, could afford to dispense with a miserly $200 million—not even Isabel dos Santos, the daughter of Angola's President Eduardo dos Santos, reputed to be worth $3.4 billion in 2014. More likely, that gift from China could well be a Trojan horse with every room bugged, allowing China to listen in to every discussion on African foreign policy. Perhaps, this was not a problem back in 2014 since China was perceived to be the enemy of the West. Hence, African leaders or the AU were operating on the fallacious notion that the enemy of my enemy must be my friend.

Given such circumstances, a clutch of options may be possible. The first option is to assume that the leadership is beyond redemption and the modern/formal sector is non-reformable. This means they should be left to their own devices. Bypass or ignore them; they have lost the trust of the people and have little or no credibility left. For decades, much effort and billions of dollars were spent to cajole, bribe, and browbeat the ruling elites to reform the modern sector with negligible results. The law of diminishing returns militates against pumping more money to reform the modern/formal sector. Greater returns can be achieved elsewhere with little investment in the informal and traditional sectors under the impetus of the Cheetah Generation.

Besides, the modern sector will eventually implode anyway since the ruling elites refuse to come to their senses to save themselves. If after more than sixty years of independence from oppressive colonial rule and decades of "education" the ruling elites still have no grasp of such elementary concepts as "freedom," "democracy," "the rule of law," "accountability," "decentralization," and "devolution of authority," then they are beyond redemption. One only has to ensure that the implosion of the modern sector is contained, with little collateral damage to the informal and traditional sectors. Indeed, such was the thrust of the book *Africa Unchained* (2005)—real Africa (the traditional and the informal) unchained from the modern or formal sector.

The second option is proactive, operating on the premise that the leadership does not go down alone and may drag down the economy, as well as human lives—or collateral damage. To prevent such damage, it may be necessary to remove the leadership either through a military coup or popular uprising. However, as we saw from Chapter 8, this recourse should never be recommended because the outcome is often neither certain nor desirable. A popular uprising or revolution can be hijacked or reversed, and a military coup may produce a rat far worse than the cockroach he removed from power.

The third option—"regime change" *a la* Iraq—is out of the question. Given the blunders in Afghanistan and Iraq, it is unlikely any Western country would entertain such an option. That leaves a fourth option: to buy out the ruling bandits. In fact on July 1, 1998, that exact proposal was advanced in Nigeria, where unapologetic plunder by a string of kamikaze military bandits had reduced a mineral-rich country to rags:

The proposal [to lay-off officers above the rank of major] was one of many presented to General Abubakar as part of wide ranging consultations to ease the military out of office without threatening the fragile stability of Nigeria or risking a coup by hard line officers. It urges the regime to spend more than ₦1 billion on generous early retirement packages for middle and top ranking officers. "No one is saying who would be the person to do it [sack most of the officer corps], but there is a widespread feeling that an investment of $2 billion (£1.2 billion) or $3 billion on ensuring that the clear out would be painless—in return for a democratic future—would be money well spent. Consider the enormous cost of the last five years of military rule, in terms of lost investment, money stolen by government members, human lives destroyed and deaths,"

one of General Abubakar's advisers said. (*Times Newspapers*, July 1, 1998; 4)

In Guinea, "the government bought off angry soldiers threatening to mutiny by giving them $7.6 million after an emergency meeting among the ministers of finance and planning and Central Bank Governor" (*The Washington Times*, June 24, 1999; A16). Or consider Zimbabwe, where the tyrannical and erratic rule of President Robert Mugabe not only wrecked the economy but caused more than $37 billion worth of damage to neighboring countries. Would $500 million be too much to buy out Mugabe and his thugs and send them on a one-way ticket to Jupiter?

Outlandish as it may seem, even the United Nations Secretary-General, Kofi Annan, proposed the buy-out option in a series of reforms, not only calling for the elimination of some of the United Nations' outmoded institutions, such as the discredited High Commission on Human Rights—on which Cuba, Sudan, and North Korea sat—but also reform of the UN Secretariat itself. As the *Washington Post* (April 1, 2005) noted in an editorial: "Mr. Annan has proposed a one-time senior employee buyout to 'refresh and realign staff to meet current needs,' a euphemistic way of saying that he understands that the organization is top-heavy with political appointees" (p. A26).

It is difficult to be optimistic given the recalcitrance of the African leadership on reform. They keep repeating the same foolish mistakes again and again, but there are ten immutable laws of African misgovernance they are destined to encounter with catastrophic consequences.

The Ten Iron (Immutable) Laws of African Misgovernance

Intensive study of modern African politics and economic systems over the decades reveals ten facts or truisms that African dictators ignore at their own peril. The striking thing about these facts is their infallibility or immutability. Call them "Ayittey's Laws of Bad African Governance" if you may or simply the "Ten Iron Laws of African Misgovernance."

Iron Law No. 1: The destruction of an African country—regardless of the age, tribe, religion, or the professed ideology of its government—always, *always* begins with some dispute over the electoral process or transfer of political power.

Exhibit 1: On April 12, 1980, a group of enlisted men under the command of Sergeant Samuel Doe, a member of the Krahn tribe, stormed Liberia's executive mansion and overthrew the regime of William Tolbert. Native Liberians roared with euphoria. But the feeling quickly evaporated. Liberians who had initially welcomed the coup recoiled in horror when Doe, an illiterate military buffoon proceeded to institute a brutal reign of terror and his own brand of tribal apartheid. All top positions in his government, the army, and his presidential guards were filled with members of his own tribe, the Krahn.

The coup itself was accompanied by acts of savage brutality. Tolbert was murdered as he lay in bed. The soldiers disemboweled the dead leader and gouged out one of his eyes with a bayonet. His mutilated body was displayed for two days at the John F. Kennedy Hospital morgue and then buried with twenty-seven others in a mass grave. The soldiers then went on an orgy of massacres and barbaric reprisals, killing an estimated two hundred people. The chilling spectacle was televised nationwide. High government officials of the deposed regime were summarily tried and executed by a drunken firing squad. Their half naked corpses were then dangled from a row of telephone poles on the beach.

Under pressure from the United States, Doe held elections in 1985, but they were massively rigged. When the votes were being counted and Doe saw that he was losing, he ordered the vote count halted. The ballot boxes were taken to a secret location in the barracks and the votes "counted," with Doe declared the winner. In December 1989, Charles Taylor, a descendant of the Americo-Liberians, set out with about 150 rag-tag rebel soldiers of the National Patriotic Front of Liberia (NPFL) to oust General Doe from power. Other tribes, including the Gio and Mano tribes of eastern Liberia, who were victims of Krahn persecution and discrimination, joined in. The ensuing Civil War eventually destroyed the country. In the end, General Samuel Doe was captured and his ears cut off—he was hard of hearing. He bled to death and the gruesome spectacle was posted on the Internet.

Exhibit 2: This crass strong-arm tactic was aped by another of Africa's longest-serving autocrats, the late President Gnassingbe Eyadema of Togo. On June 21, 1998, President Gnassingbe Eyadema, who had ruled Togo for thirty-one years, stood for re-election. His supporters, mostly his Kabye people from central Togo who backed the army, the police, and the bureaucracy, fudged the electoral rolls, denied the opposition access to the state-run media, and intimidated oppo-

sition politicians. Still, "when the votes began to be counted, it was clear that Gilchrist Olympio, the chief opposition candidate and son of the country's first president, was going to win. Whereupon the paramilitary police stepped in and stopped the count in Lome: ballot boxes were seized and burned. The head of the electoral commission and four of its members resigned. The interior minister declared President Eyadema the winner anyway" (*The Economist*, July 4, 1998; 40). The country was plunged into violence and chaos. Foreign investors fled, the European Union suspended aid and the country's economy lay in ruins.

Exhibit 3: On February 15, 2000, President Robert Mugabe of Zimbabwe, who had been in power for nineteen years, asked voters in a referendum for draconian emergency powers and an extension of his twenty-year rule by ten more at the age of seventy-five. The mad power-grab was sugar-coated by asking the people for a parallel authority to seize white farms for distribution to landless peasants. Despite heavy appeals to black nationalism, Zimbabweans resoundingly rejected the constitutional revisions by 55 percent to 45 percent.

After his first defeat in twenty years of virtually unchallenged rule, members of Mugabe's own party called on him to step down at a heated Central Committee meeting. Paranoid and desperate, Mugabe vowed retribution and played his trump card, sending his war veterans to occupy white farmlands. Over 1,500 farms were occupied, despite a high court vacate order. Ten occupied farms were owned by black opposition leaders. The police, under instructions from Mugabe, refused to evict the war veterans, who threatened civil war if Mugabe lost the June 2000 elections. On April 1, about ten thousand anti-government protestors rallied in Harare, denouncing Mugabe and the war veterans. "Say No—to threats of war, lawlessness, corruption, and to willful violation of constitutional rights," read one placard. The war veterans and other thugs beat up the protestors mercilessly.

Violence was increasingly aimed at intimidating the opposition and black commercial farm workers, who were often beaten unless they surrendered membership cards for the opposition party and pledged support for Mugabe's ZANU–PF party. "In 9 weeks of political violence, 14 persons have been killed—including 11 MDC (opposition) supporters. Hundreds have been beaten up or had their houses burned for allegiance to MDC" (*The Washington Times*, April 28, 2000; A16).

"On April 22, 2000, the office of *The Daily News*, which has been critical of Mugabe's handling of the economy, was firebombed. Two weeks earlier, the black editor of the paper, William Saidi, received a death threat, warning him to stop criticizing the government. "I don't think race is the primary thing," said Saidi. "The general plan is to silence all opposition" (*The New York Times*, April 30, 2000; Section 4, page 3).

Disregarding the February defeat, Zimbabwe's rubber-stamp Parliament rammed through legislation authorizing the government to seize land from white farmers without compensation anyway. To be sure, there was basic inequity in the distribution of land in Zimbabwe. Whites account for only about 1 percent of Zimbabwe's population of 12.5 million, yet 4,500 white farmers continued to own nearly a third of the country's most fertile farmland. But what Mugabe's Parliament failed to reveal was its own March 28 written answer on the land issue to Margaret Dondo, leader of the opposition Zimbabwe Union of Democrats. Parliament acknowledged that the government had distributed more than 1 million acres bought from white farmers under legal compulsion to four hundred wealthy Zimbabweans, most of whom were Mugabe cronies.

"Among the winners of the 270 farms acquired so far under the Commercial Farm Resettlement Scheme were Patrick Chinamasa, the attorney general; Simon Moyo, the mines and tourism minister; Cyril Ndebele, the speaker of Parliament; and George Charamba, a presidential spokesman. Two high court judges, two deputy ministers and a retired general also benefited" (*London Sunday Telegraph*, March 30, 2000).

Back in 1994, for example, twenty such farms seized from white farmers were immediately grabbed by high-ranking government officials. According to New African (September 1994), "The local press revealed that the Secretary to the President and Cabinet, Dr. Charles Utete, the Deputy Secretary for Commerce and Industry, James Chininga and Harare's first black mayor, Dr. Tizirai Gwata, are among those involved" (p. 32). In 1998, an additional twenty-four farms of the Marula Estate in Matabeleland were acquired, ostensibly for resettlement. But the land, totaling three hundred square miles, was divided among forty-seven government officials while 40,000 impoverished Zimbabweans remained crammed in the neighboring Semukwe Communal Area. Said the Chief of Semukwe: "They moved out the rich white man and moved in the rich black man. There is a change of color only" (London Telegraph, March 2, 2000; 3). Mugabe's deputy, the late Joshua Nkomo, had interests

in sixteen farms, while army chief General Solomon Mujuru became known as the country's largest landholder.

While the basic inherent inequity remained, the land issue became a political tool. It was ruthlessly exploited by Mugabe at election time to fan racial hatred, solidify his vote among landless rural voters, maintain his grip on power, and divert attention from his disastrous Marxist–Leninist policies and ill-fated misadventures in the Congo.

"The whole land and race issue is a classic diversion of attention from the real issues which were facing this country: high unemployment, inflation, and poverty," said Professor John Makume, a political scientist at the University of Zimbabwe (*The New York Times*, April 30, 2000; Section 4, page 3). Mugabe and his party, critics say, have become too hungry for power. "He's almost a caricature of all the things people think black African leaders do," said Archbishop Desmond Tutu of South Africa. "He seems to be wanting to make a cartoon of himself. I am shattered because Mugabe is one of the most highly qualified and most able leaders. One just wants to weep. It's very sad" (ibid.).

By January 2001, Zimbabwe's economy was in tatters, wracked by water and power cuts. Mealie meal, the national staple diet, was in chronic shortage, as were bread, rice, potatoes, and other substitutes. Inflation was galloping at 160 percent, unemployment hovered near 70 percent, foreign investors had fled, and a serious fuel shortage had crippled productive activity. The Zimbabwean dollar, worth US$2 at independence in 1980, had crashed, worth only 4 cents. With interest rates at 55 percent, domestic investment remained frozen. Per capita income had fallen below pre-independence level, and 61 percent of the population lived below the poverty line, according to the Zimbabwe Human Development Report. More than 1 million Zimbabweans fled to South Africa, and a quarter of the population was infected with AIDS. By 2013, nearly a quarter of Zimbabwe's population had fled their country.

"Robert Mugabe has deceived us all. The man does not believe in anything but himself," said the trade union leader and head of the newly formed Movement for Democratic Change, Morgan Tsvangirai (*BBC World News Service*, November 23, 1999). "We have no leadership, just a crazy old man who is scared of losing power," said Obey Mudzingwa, an opposition member (*Newsweek*, May 1, 2000; 21). Some fourteen years later, Zimbabwe still lay in ruins

Exhibit 4: On October 27, 2000, Ivorian head of state General Robert Guie, who had seized power in a December 31, 1999 coup, stood for election. When early results showed that he was losing, he sacked the Electoral Commissioner, and sent in his military goons with bazookas to take over the vote count and declare him the winner.

Angry Ivorians poured into the streets, seized the state-owned television station Yugoslavia-style and drove General Guie out of office. He fled the country in a helicopter on October 28, 2000, plunging the country into violence and chaos. Civil War broke out in 2005 and again in 2010, when Laurent Gbagbo, the new president, stole the elections and adamantly refused to relinquish power. They never learn, do they?

Elsewhere in Africa, blockage of the democratic process or the refusal to hold elections plunged Angola, Chad, Ethiopia, Mozambique, Somalia, and Sudan into civil war. Hard-liner manipulation of the electoral process destroyed Rwanda (1993), Sierra Leone (1992) and Zaire (1996). Recall that the subversion of the ***electoral process*** in Liberia (1985) eventually set off a civil war in 1989. The same type of subversion instigated civil strife in Cameroon (1991), Congo (1992), Kenya (1992), Togo (1992) and Lesotho (1998). The military's annulment of electoral results started Algeria's civil war (1992) and plunged Nigeria into political turmoil (1993).

Massive rigging of election results provoked public protests and demonstrations in Ivory Coast (October 2000), Zambia (December 2001), and Madagascar (January 2002), which eventually led to chaos in Madagascar with two presidents (Ratsiraka and Ravalomanana). Massive protests against the rigging of Ethiopia's May 2005 elections led to over 250 deaths and more than a thousand arrests and detentions. Political violence over Kenya's December 2007 elections left over 1,200 dead and more than 500,000 homeless and displaced. Zimbabwe's March 2008 elections were marred by over 2,000 cases of political violence. Ivory Coast's November 2010 elections produced two presidents and two governments, pushing the country into yet another civil war.

All this carnage, destruction, and chaos stemmed from the adamant refusal of one buffoon or the ruling elites to relinquish or share political power. They manipulated the electoral process, fudged the electoral rolls, intimidated opposition supporters, and rigged the election to retain power. This always, always triggers a chain reaction that ultimately leads to the destruc-

tion of the country. Yet, more buffoons resort to the same foolish tactics, instigating the same destruction of yet more countries. There would have been peace and stability in Egypt, Tunisia, and Libya if their respective leaders had been willing to relinquish power in 2010 and 2011.

It has been said that the wise learn from the mistakes of others while fools repeat them. Idiots, on the other hand, repeat their own stupid mistakes. In fact, recall the statement that the entire postcolonial history of Africa can be written in terms of the repetition of the same foolish mistakes in one country after another. Ivory Coast repeated its own foolish blunder of October 2005 in 2010. In 2015, the following countries were set to repeat their own foolish mistakes about elections and transfer of power: Angola, Algeria, Burundi, Cameroon, Chad, Central African Republic, Eritrea, Ethiopia, Gambia, Guinea, Madagascar, Rwanda, Uganda, and Zimbabwe.

As previously mentioned, when addressing a press conference in London in April 2000, United Nations Secretary-General Kofi Annan "lambasted African leaders who have subverted democracy and lined their pockets with public funds" (The African-American Observer, April 25–May 1, 2000; 10). If these leaders do not want the World Bank, IMF, or other external agencies to tell them what to do, they should not act like children. Look, enough of the buffoonery and tomfoolery. They can only save their countries from destruction only if, they meet the following two requirements:

- Hold free, fair, and transparent elections, and
- All contestants accept the election results.

Senegal saved itself from destruction in February 2000, when it held free and fair elections and the losing candidate, President Abdul Diouf who had held power for twenty years, accepted the results. Ghana also saved itself from implosion when the losing candidate in the December 28, 2000, presidential election run-off, Professor John Atta Mills, conceded defeat to winner Mr. J. A. Kufuor. Nigeria also saved itself with its March 2015 elections in which President Goodluck Jonathan lost and conceded defeat to Muhammadu Buhari. By contrast, the ruling regime in Ethiopia won "100" percent of the vote in the May 24, 2015, elections.

Iron Law No. 2: Persecution of a person or thing by a brutally repressive government never achieves its objective. Rather, it transforms the victim into a martyr or hero and makes the banned item that much more desirable.

Always afraid that their tenuous hold on power might be challenged and that their ghoulish misdeeds (naked plunder, extra-judicial killings, and repression) might be exposed, despotic regimes go to extraordinary lengths to squash dissent, crush political challengers, and suppress information. They censor or ban newspapers, and arrest and jail or assassinate journalists, editors, writers, and opposition leaders. But the supreme irony is that banning an organization and arresting or harassing its leaders does not achieve the objective. In fact, such acts lead to precisely the opposite result, which may be described as the law of antinomy.

A government ban of a book or a newspaper leads people to crave and read it because they will suspect that it contains some truth the government wants to hide from them. The ban merely piques their curiosity. In addition, the ban tends to draw more attention and sympathy to the author. In fact, the persecution of an author or journalist by an oppressive regime might well transform him into a martyr or a hero because what is bad in the eyes of the devil (the oppressive state) must be good. Nigerian writer Peter Ezeh averred:

> There is one basic truth governments which stifle the press need to know, and that is that only good work on the part of the government, inspired by the sincere desire to satisfy the great majority of the governed, can effectively frustrate a bad press where such actually exists. People are intelligent enough to be a good judge. To paraphrase de Rivarol, "In the long run, one always loses when one attacks ideas with bullets. Only ideas can successfully attack ideas." Censorship leaves the impression that the censor has something to hide. (*Index on Censorship,* August 1988; 18)

It is not the business of a government to ban publications. If a publication has nothing to offer, the people will reject it. Nor is it the business of governments to ban organizations. Organizations have various viewpoints to propagate in the marketplace of ideas. If viewpoints have no merits, again, the public will reject them. By banning newspapers or organizations, an "evil" government sanctifies the very ideas or agenda it seeks to destroy. These ideas, by themselves, may not necessarily be sacrosanct, but the very fact that they have been banned enhances their value and status. The ANC of South Africa, UNITA of Angola, Mwakenya of Kenya, and many other groups and newspapers were banned, but they did not die or disappear.

One such miscalculation was made by President Kenneth Kaunda, whose United National Independence Party (UNIP), the sole legal party, had been

in power for twenty-seven years. In July 1990, when he released several key members of the Movement Multi-Party Democracy (MMD)—Goodwin Mumba, Edward Shamwana, and Christon Tembo—from jail they were immediately hailed as martyrs. A perplexed Kaunda fumed, "I release these criminals and now they are called heroes" (*African Letter*, May 1–15, 1991; 1). In 1991, the MMD, led by Frederick Chiluba, defeated Kaunda at the polls in October. But then again, President Chiluba was hardly better.

He sought to amend the constitution and run for a third term. He was rebuffed, and in 2002, his ex-wife, Vera, demanded more than $2.5 billion—about three- quarters of the country's Gross Domestic Product—as part of a divorce settlement. "Vera Chiluba, whose marriage of 33 years was annulled last year, is also claiming a share of the couple's concrete assets, which she says include six houses and a farm. . . . In addition, she is demanding that Mr. Chiluba hand over 400 cows, sheep and goats. Vera Chiluba says her former husband can afford such a settlement and that she can prove it" (*BBC News*, March 27, 2002).

In Kenya, the government of Daniel arap Moi persecuted and repeatedly jailed Gitobu Imanyara, editor of the *Nairobi Law Monthly*. His offense was to publish in 1990 a series of articles on constitutional reform and to advocate multi-party democracy. He was thrown into jail and his magazine *retroactively* banned. Pressure by international human rights groups forced his release. He was immediately given the "Golden Pen of Freedom" award (by International PEN) in the United States. On his return to Kenya, he was re-arrested, despite his failing medical condition. The charges read:

> You have been involved in subversive activities aimed at undermining and overthrowing the government of Kenya as by law established.
>
> You are the editor or proprietor or publisher of a Nairobi magazine known as the *Nairobi Law Monthly* in which you have repeatedly written and published articles which denounce, ridicule and discredit the government of Kenya, its activities and its established constitutional leadership. You have given lectures or speeches at Limuru Theological College on diverse occasions and on subjects which constitute or amount to downright subversion against the government of Kenya as by law established.
>
> You have aligned yourself to and associated with known anti-government characters and personalities, such as Kenneth Matiba, Charles Rubia and others, and have worked in concert with them to lay groundwork for the formation or creation of another political party contrary to the provision of the Constitution of the country.
>
> You have participated with the same said characters, in a series of illegal meetings in Nairobi and at these meetings, you, together with those characters, have discussed, promoted and mapped out plans and strategies to overthrow the government of Kenya by unlawful means including use of violence.
>
> You have conducted yourselves in total disregard and disrespect of the Head of State and have participated in activities calculated to create disaffection, discontent, ill-will, hatred and hostility amongst the people of Kenya.
>
> Now, therefore, because of these anti-government activities and in the interest of preservation of public security your detention has become necessary. (*Index on Censorship*, April 1992; 22)

And what happened after all this persecution? According to *Africa Report*:

> His magazine enormously increased on last year's readership of 5,000 and now sells over 15,000 copies. Just after the ban was overturned, a taxi driver buying *The Law Monthly* said it had become the most popular magazine in Nairobi—"because the editor is a brave man." This is despite the fact that some of its issues are virtually impenetrable to the layman in its legalistic style of scholarly and elitist discourse. The magazine has, above all, become important as a symbol of defiance and progress. However, the government *inadvertently* popularized it—and politicized it—by linking its fate with the poorest section of the population, the hawkers and vendors [because] the Special Branch had harassed and threatened the street sellers, confiscating thousands of issues in a city sweep on February 29, 1991. (May–June 1991; 52)

In Burkina Faso, Norbert Zongo was a popular journalist, playwright, and human rights activist who knew a lot about political murders. He investigated allegations of murder ordered from within President Blaise Compaore's inner circle—a tight-knit group of advisers, including his brother, Francois, which used the Presidential Guard to squelch dissent.

In 1993, Zongo founded the weekly *L'Independent* newspaper, which quickly became the voice of opposition to Compaore. His investigations into official corruption earned him both a widespread audience and numerous death threats. In December 1997, David Ouedraogo, the chauffeur of the president's brother, Francois, was arrested by members of the Presidential Guard for stealing $50,000. Allegations

that he had been tortured to death at the Guards' headquarters led Zongo to begin an investigation. His findings, published weekly, seemed to suggest Francois himself as having ordered the killing. Before Zongo could publish the final piece, he was gunned down in an ambush on December 13, 1998. But the authorities miscalculated badly:

> As word emerged of Zongo's killing, thousands of students took to the streets, electrical workers shut down the nation's power supply and protests roiled the usually quiet capital.
>
> The government at first balked at any investigation, then, bowing to mounting pressure, agreed to an independent commission to investiagte both the Ouedraogo and Zongo's murders. . . . In its May 7, 1999, report, the commission, relying on French ballistics experts, a pathologist and a forensic expert, concluded that Zongo had been killed for "purely political reasons" and named six members of the Presidential Guard as "serious suspects." (*Washington Post*, June 4, 2000; A23).

"The continuing public outcry over his assassination [threatened to bring down] one of the most durable and secretive governments in West Africa. 'They made a mistake in killing Zongo,' said Jean Claude Meda, president of the Journalists Association here. 'They thought it would be like other murders and that it would instill fear, but the opposite happened. People lost their fear, started a whole movement and began to question authority, forcing the government to take small steps toward democracy. That is Norbert Zongo's legacy'" (ibid.).

In Ivory Coast, when military coconut General Robert Guie grabbed power in December 1999, he said he was not really interested in power and had simply come to "sweep the house clean."

"'Once we know that the house is clean and the politicians can dance without slipping,' the general had said, 'we will withdraw, after holding transparent elections'" (*The New York Times*, September 17, 2000; A10). But over the months, he discovered that "Power sweet bad. Haba!"

So he became less and less interested in giving up power. He maneuvered to eliminate his political and military rivals. He had accused the toppled president, Henri Konan Bedie, of looting the country but "soon his own wife was spotted on shopping trips to Paris" (ibid.). He then asked the very party of Henri Konan Bedie, which he had overthrown and accused of corruption, to nominate him as its candidate in the presidential election scheduled for October 22, 2000. When he was rebuffed, he nonetheless declared himself a candidate "of the people" and "above the parties."

Ivory Coast's reggae singer, Tiken Jan Fakoly, then came out with a recording, "Chameleon." "Keep your honor," he sang in the recording. "Sweep the house clean and return to your village, just as you promised. You promised us. Remember." The reaction of the military regime was to yank "Chameleon" off the airwaves, Soviet-style. And the results?

The record album was the top seller in record stores in Treichville. At Oke Records, Salaou Nadjim, 17, said from behind the counter that he was selling about 30 cassettes or CDs of "Chameleon" a day, despite its price tag of $5. "If the authorities try to prevent record stores from selling it," Mr. Nadjim said, "it will find its way to the city's black market." He told the truth in it. No one can stop it now. (ibid.)

They say that the wise learn from mistakes of others but how smart was the Rawlings regime in Ghana?

Back in 1991, K. Danso-Boafo, wrote: "By preventing the Movement for Freedom and Justice (MFJ) from using the premises of the Teachers' Hall for a symposium, and holding and questioning its deputy national secretary Mr. Kwesi Pratt, (Ghana's) PNDC functionaries are making 'political martyrs' out of the MFJ and its leadership—something any astute politician would want to avoid. The political history of Africa is replete with such political miscalculations" (*West Africa*, June 3–9, 1991; 892).

In 1988, Professor Adu Boahen broke the "Culture of Silence" by giving a speech, entitled "The Sphinx" at the British Council Hall in Accra. He took the ruling Rawlings regime to task by lambasting mysterious killings, gross violations of human rights, and lack of democracy in the country. The barbarous Rawlings regime made an attempt to permanently silence the professor in a crass assassination attempt. But the agile professor scaled the walls of his residence and escaped. Worse for the regime, the attempt made Professor Adu Boahene a hero, who subsequently became the presidential candidate of the National Patriotic Party (NPP). He would have won the 1992 presidential election, had it not been massively rigged. Then on December 28, 1995, Rawlings beat up his own vice-president, Kow Arkaah, for disagreeing with him (Rawlings) at a cabinet meeting. That instantly transformed Arkaah into a popular hero easily winning the PCP presidential nomination in 1996.

The lesson was equally poignant on Rawlings's barbarous attacks on the private newspapers in Ghana that

were critical of foolish government policies. In 1993, security agents splattered human excreta all over the offices of *The Ghanaian Chronicle*. The paper's circulation soared. Then on May 12, 1994, "persons believed to be agents of [ruling] PNDC sneaked into the premises of *The Free Press* and littered the whole place with human excrement" (*The Free Press*, June 10–16, 1994; 7). Mr. Totobi Kwakyi (the Minister of Information) and Mr. Kwamena Ahwoi (Minister of Local Government) defended such a depraved act. But the *Free Press* became one of Ghana's most popular newspapers. Did the Rawlings regime learn anything? Apparently not!

In September 2000, a reporter of *The Crusading Guide* began investigating an alleged clash between the Deputy Minister of Defense Dr. Tony Aidoo and a private security guard. The deputy minister was known to be short-tempered and given to inflammatory remarks. Offended by the investigations, the deputy minister led armed military policemen to arrest the reporter. On October 2, 2000, the offices of the newspaper were splashed with human excreta.

In an interview with JOY FM, the editor of the paper, Mr. Kweku Baako, said he discovered the mess when he reported for work at about 6:00 a.m. He added that while the intruders splashed the excreta all over the frontage of the office, they could not, however, gain access into the inner offices of the newspaper. Mr. Baako added that although he did not know who might have committed the crime, it was possible that the newspaper's investigative reports and hard stance attitude in uncovering falsehood and corruption might have slighted the culprits.

The Result?

The editor of *The Crusading Guide*, Kweku Baako, was named as Ghana's top Journalist of the Year in 1999. For the award, Mr. Baako, was granted a residential Advance Journalism Training Course in April 2001 at the prestigious Thomson Foundation in Cardiff, Wales, under the sponsorship of Unilever Ghana Limited. As part of a 54 million cedis package by Unilever, Mr. Baako received a personal computer, a return air-ticket to Cardiff, and a full paid per diem during the course. Freedom Forum, an American non-governmental organization also sponsored him to the CNN African Journalist of the year awards at the CNN Headquarters in Atlanta Georgia, USA.

Similarly in Zimbabwe, the crackpot government of Robert Mugabe waged a brutal campaign of harassment and intimidation against the *The Daily News* and its editor, Geoff Nyarota, for critical investigative reporting. In 2000, its main office was fire-bombed by Mugabe's thugs. In March 2001, its printing plant was destroyed by a bomb. "In many parts of the country, its reporters were routinely harassed by ruling party loyalists. Its editors were repeatedly detained and questioned by police" (*The New York Times*, November 9, 2001; A13).

And the Next Result?

"The United States-based Committee to Protect Journalists honored Mr. Nyarota in November 2001 in New York with one of the committee's international press freedom awards" (ibid.).

The following are freedom fighters, editors, journalists, and opposition leaders who have either been killed or jailed. Dictators never learn, do they? Lunacy is defined as doing the same stupid thing over and over again and expecting the same stupid results. The repetition continues unabated.

Burundi

Pierre Claver Mbonimpa had, for decades, acted as a voice against government repression in Burundi. In May 2014, he was arrested on charges of "endangering national security" after giving a radio interview in which he accused government officials of providing military training to Burundian citizens in the conflict-torn Democratic Republic of the Congo. Over the summer, Mbonimpa's supporters took to the streets to protest his arrest. He received the 2007 Martin Ennals Prize and spoke at the Oslo Freedom Forum in 2010 on the need to reform Burundi's justice system. He was shot in the afternoon of August 3, 2015, in Bujumbura, the capital of Burundi. The assassination attempt occurred nine months after Mr. Mbonimpa was conditionally released from prison where he had been arbitrarily held for nearly five months on vague grounds, including the crime of "disturbing the peace" (Human Rights Foundation, August 7, 2015).

Eritrea

"Prominent Eritrean journalist, playwright, and poet Fessehaye 'Joshua' Yohannes reportedly died as a consequence of harsh prison conditions on January 11, 2007. He was the fourth journalist to die in the inhumane secret prisons of Eritrea since a group of around 12 reporters and editors were arrested in September 2001. None of them have ever been charged or seen a lawyer, and the ones that have not died remain in

jail" (*afrol News*, February 14, 2007; www.afrol.com/articles/24322).

Ethiopia

ShiBire Desalegn, age twenty-one, was the first person to be killed when Meles Zenawi unleashed his forces following a peaceful protest by Addis Ababa University (AAU) students on June 6, 2005. Others killed included: Tensae Zegeye, Habtamu Tola, Binyam Degefa, Behailu Tesfaye, Kasim Ali Rashid, Teodros Giday Hailu, Adissu Belachew, Milion Kebede Robi, Desta Umma Birru, Tiruwork G. Tsadik, Elfnesh Tekle, Abebeth Huletu, Regassa Feyessa, and Teshome Addis Kidane. Birtukan Midekssa, a former judge and leader of the opposition party, Unity for Democracy, was imprisoned for life on December 28, 2008. But she vowed to continue her "peaceful struggle for more democracy, respect for human rights, and the rule of law" in Ethiopia. Many of her supporters refer to her as Ethiopia's Aung San Suu Kyi, the Burmese prisoner of conscience.

The despotic regime in Ethiopia tried to prevent Teddy Afro (Tewodros Kassahun) from playing his music of love, joy, and celebration. As Ethiopian professor Al Mariam noted in his blog on September 6, 2015,

> For years, the TPLF regime waged psychological, legal and economic warfare against Teddy in the hope of forcing [him] to leave the country he loves. They have tried to vilify, demoralize and humiliate him. In 2008, they arrested Teddy on a trumped up charge of hit-and-run resulting in a fatality. He was brought before a kangaroo/monkey kriminal kourt and railroaded to prison for six years. His sentence was commuted to two years and he was released early for good behavior. . . .
>
> When Teddy released his album "Tikur Sew" in 2012, the TPLF got its vilification campaign in gear. (http://almariam.com/2015/09/06/let-teddy-play-on-and-on-and-on)

One does not even have to know or like Teddy's music to realize the folly of such a vilification campaign against a musician.

The Gambia

Deyda Hydara, a fearless and irrepressible editor of *The Point*, was brutally murdered on the night of Thursday, December 16, 2004, in a drive-by shooting. Seven journalists—the first vice president of the Gambia Press Union, Sarata Jabbi-Dibba; the Gambia Press Union (GPU) secretary general Emil Touray and treasurer Pa Modou Faal; the editor of *The Point* newspaper, Pap Saine, and reporter Ebrima Sawaneh; and the editor-in-chief of *Foroyaa Newspaper*, Sam Sarr, and one of his reporters, Abubacarr Saidykhan—were detained by the country's National Intelligence Agency (NIA) in June 2009.

The journalists were arrested following a June 12, 2009, press release by the Gambia Press Union, reacting to an interview by the president on state television during which he denied his government's involvement in the 2004 murder of veteran Gambian journalist Deyda Hydara. They were sentenced to two years in jail for sedition and criminal defamation. Sarata Jabbi-Dibba, a nursing mother, was pardoned and released on September 6, 2009 (Media Foundation for West Africa, December 16, 2016, http://www.mfwa.org/12-years-on-no-justice-for-murdered-gambian-journalist-deyda-hydara/).

Rwanda

Jean-Leonard Rugambage, the deputy editor of the newspaper *Umuvugizi* was shot dead outside his house in Kigali in 2010.

Andre Kagwa Rwiserek, deputy leader of the opposition Green Party, was found with his head almost hacked off in 2010.

Victoire Ingabire was arrested on October 14, 2010, over allegations she was linked to rebel activities. Ingabire returned to Rwanda in January 2010 after being in exile for sixteen years. She was arrested in April over allegations she associated with a terrorist group and propagated genocide ideology, freed on bail, and tossed into jail again. The opposition leader said her party had been blocked from registering to field candidates in the August 2010 presidential elections, which were won by incumbent Paul Kagame. (*The Globe and Mail*, November 5, 2015).

Uganda

Jimmy Higenyi was shot dead on January 12, 2000, by armed police who also injured ten others during a rally organized by the opposition against global terrorism and dictatorship. "'By ordering police to use live ammunition to disperse a peacefully demonstrating crowd, President Museveni demonstrated he does not support our international struggle against global terrorism and dictatorship,' said Dr. James Rwanyare, chairman of the Uganda People's Congress (UPC). Dr. Rwanyare was later arrested with one of his female aides and taken to an unknown destination" (*New African*, February 2002; 15).

Zimbabwe

Godknows Dzoro Mtshakazi was beaten to death by four soldiers at Mufiri Business Centre in Shurugwi, Midlands Province, on August 30, 2009. He was accused of playing a popular MDC (opposition party) song in a bar.

Gift Tandere was a young activist who organized against human rights abuses and the brutal beating of the MDC faction. He was killed on March 11, 2007.

Shepherd Ndungu, a school teacher, was beaten to death by thugs of the Zimbabwe African National Union–Patriotic Front (ZANU–PF) for leafing through the pages of the *Daily News*, a newspaper critical of the government. The thugs accused him of supporting the opposition, Movement for Democratic Change (MDC), marched him to his house and ransacked it. Finding no evidence linking him to the MDC, "they dragged him to a crossroads market where, before startled shoppers, they hammered him with iron bars and lashed him with chains until he died" (*The Economist*, February 23, 2002; 28).

Not only is all of this extremely disturbing, but it is even counterproductive to the aims of the very leaders who have carried it out, because it achieves precisely the opposite effect they desired. It is also frustrating and annoying because of the long-revered Manden Charter established at Kurukan Fuga which guaranteed freedom of expression. The Manden Charter was promulgated in the thirteenth century by so-called illiterate, backward, and primitive Africans. Yet, even they understood the value of free expression and how essential it is (see Appendix 2). In the traditional system, decision-making was by consensus, and freedom of expression was needed for minority positions to be heard. That freedom was also an essential for *griots*, *mrabouts*, and musicians to go about their businesses. Chiefs and kings did not arrest musicians for songs that they did not like. By contrast, some so-called educated African leaders in the twenty-first century never understood the importance of freedom of expression. This is a disgrace.

Iron Law No. 3: The more African despots spend on the military, the less security they buy, and in the end, they are hoisted by their own petards.

African tyrants make survival of the regimes heavily dependent on security forces, and spend an inordinate amount on elaborate security-cum-military structures to protect themselves and suppress their people. Since they came to power through illegitimate means (a military coup), they are suspicious of everyone and paranoid of every little event, however innocuous. So they spend vast amounts of resources creating layers upon layers of security—just in case one level fails—and shower security agents with perks and amenities. In Nigeria, former dictator General Ibrahim Babangida rewarded "nearly 3,000 of his most loyal military chiefs by giving them new Peugeot sedans. Most Nigerians will never be able to afford anything like a new Peugeot 505, which costs the equivalent of $21,000 in Lagos. A senior university professor, for example, earns about $4,000 a year, while a nurse or mechanic is lucky to bring home more than $1,000" (*The New York Times*, December 2, 1993; A3).

But they can't trust the military completely because some soldiers might get the same idea of staging a coup. So they ban coups, but that does not help. So they create a Special Division Force (such as the 64th Battalion Rawlings created in Ghana), and equip it with better and more powerful weapons than the ordinary soldiers, so that the Special Division Force can put down any uprising or coup attempt from the military. Still, they can't trust the Special Division Force, so they create an Elite Strike Force (such as Ghana's Commandos), which are directly answerable to the president. Even then, that is cold comfort. So they create the Presidential Guard, often drawn from members of their own tribes, and equip it with the best weapons. As *Africa Report* noted:

> According to military sources in Kinshasa, the Zairian army numbered around 100,000 personnel. The largest sector was the regular army known as the Zairian Armed Forces (FAZ), which numbered 81,000, 60,000 of whom were under arms. Next in size was the 12,000 strong civil guard, headed by General Kpama Baramoto, brother-in-law of Mobutu. But it was the Special Presidential Division (DSP), numbering 15,000 under arms, which represented the strong arm of Mubutu's rule. Both the Civil Guard and the DSP were answerable to the president, while the FAZ was under the control of the ministry of defense. Senior officers were largely from Mobutu's Equateur region. (January–February 1992; 28)

Other military regimes in Africa had similar elite presidential guards. As the *Washington Post* (July 23, 1994) reported:

> The (presidential) guard is a typical feature of undemocratic sub-Saharan African regimes—a coup deterring force recruited for its personal loyalty to the commander in chief. A 1,500-man brigade of guards in Nigeria's in-

land capital, Abuja, and a similar-sized force in Lagos, the country's commercial capital, are described by military sources as the linchpin of Abacha's internal security apparatus.

As in other undemocratic African countries, Abacha's presidential guard is drawn from his own ethnic group in his home town. The guards often get the best equipment and the best training. (p. A16)

African boys collecting water from a ditch

As Africa's infrastructure and public services disintegrated, African dictators found the wherewithal to spend more and more on themselves and the military. Whitaker (1988) noted, "The proportion of African funds going to equip and pay the military has been steadily rising, reaching for example over 40 percent in Ethiopia, and 25 and 20 percent respectively in drought ravaged Mauritania and Mali" (p. 43). Libby (1987) added:

The Zairian armed forces have been a continuous drain on the economy largely through misappropriation of funds and food supplies for the personal enrichment of senior officers. One illustration of this is General Eluki, the former state secretary for national defense. In August 1979, General Eluki along with former Minister of Agriculture Tepatondele were convicted of embezzling government funds. Eluki's wife was reported stopped at a roadblock and found to be in possession of 17 suitcases of money, and a search of Eluki's home resulted in uncovering US $2 million and an additional 2 million zaires. An indication that Eluki was simply a scapegoat among hundreds of other offenders who were not arrested is the fact that General Eluki's 20 year prison sentence was set aside, and he assumed the position of commander of Shaba region. (p. 274)

The security system, quite apart from the threat that can come from within, often fails to provide adequate protection to African despots themselves. In fact, quite often, it is the very same security apparatus that overthrows them. The Asante have this proverb: if a bed bug bites you, it is from your own cloth.

The late Samuel Doe of Liberia, for example, spent much to keep his soldiers happy. In addition, he had a crack presidential troop contingency, secretly trained by the Israelis. But they could not protect him from Charles Taylor's one thousand rag-tag rebels. Note that Charles Taylor was not even a soldier but an ex-civil servant. Similarly, Comrade Haile Mariam Mengistu spent an enormous amount to build Africa's largest army with 200,000 under arms. Not even they could protect Mengistu from a band of determined Eritrean and Tigray rebels. The same can be said for Siad Barre of Somalia.

In 1974, Colonel Mengistu overthrew Emperor Haile Selassie in a military coup. The ailing emperor was suffocated with a wet pillow and his body buried in an unmarked grave. Scores of his relatives were murdered or chained to walls in the cellars of the imperial palace. Thousands of suspected counterrevolutionaries were gunned down in the streets. More than 30,000 people were jailed. When a member of his own junta questioned the wisdom of such terror tactics, Mengistu shot him in the head. In 1991, after routing by a rag-tag army of Eritrean rebels, Mengistu fled to Zimbabwe. How safe was he there?

Former Ethiopian dictator Mengistu Haile Mariam panicked and ran yelling for help when a would-be assassin fired a single shot at one of his guards last fall, a Zimbabwe court was told. The Eritrean suspect, Solo-mon Haile Ghebre Michael, 36, pleaded not guilty Monday in the attack on the exiled Col. Mengistu, given asylum by President Robert Mugabe in 1991 after he fled Ethiopia. (*The Washington Times,* Thursday July 11, 1996; A10)

On July 29, 1975, General Gowon of Nigeria was overthrown in a bloodless coup, planned and executed by some of his most trusted colleagues, including the commander of the Presidential Guard. Interestingly, General Joe Garba, who announced the overthrow, was Gowon's closest personal staff member in whom he could confide on all matters of security. Ironically, reasons for the coup against Gowon were: inaccessibility, insensitivity, indecision, and lack of political direction. Strange that his own closest aide had no access to him.

On March 18, 1991, angry Malians took to the streets to demand democratic freedom from the despotic rule of Moussa Traore. He unleashed his security forces on them, killing scores, including women and

children. But pro-democracy forces were not deterred and kept up the pressure. Asked to resign on March 25, he retorted: "I will not resign, my government will not resign, because I was elected not by the opposition but by all the people of Mali!" But two days later, when he tried to flee the country, he was grabbed by his own security agents and sent to jail. From there, he lamented: "My fate is now in God's hands." The same happened to Joseph Momoh of Sierra Leone, Sani Abacha of Nigeria, and many others.

Rather strangely, they always think they can count on 100 percent loyalty from their troops. When Charles Taylor set out in December 1989 to oust General Doe from power, more than half of Doe's own soldiers deserted him and joined Taylor's forces. And in Zaire's 1996 civil war, hundreds of Mobutu's soldiers abandoned him. In Kalemie, Goma, Bukavu, and Uvira, they barely put up a fight and defected in droves with their weapons to the rebels' side.

In Cameroon, Mbia Meka, the senior commissioner of police and the commandant of the paramilitary Special Operations Squad, as well as Joseph Owona, and Remy Ze Meka, secretary general at the prime minister's office, were arrested on September 9, 1994, and charged with plotting to overthrow the Biya regime. "The revelations stunned Cameroonians since the alleged coup leaders were all members of Biya's own Beti ethnic group and, as part of the powerful Essingan sect, were held in close confidence by the 61-year old president" (*The African Observer*, November 15–28, 1994; 14).

In Rwanda, late president Juvenal Habyarimana "fell victim to the monster he created" (*Washington Post*, April 18, 1995; A17). His plane crash was plotted by his own military allies, who saw that he was edging closer to political reforms that would threaten their power.

But the next military buffoon doesn't learn. Being a product of that structure, with intricate knowledge of its inner workings, he repairs the weaknesses and strengthens the structure. Eventually he too is overthrown by the same security apparatus.

When General Mainassara of Niger seized power in a coup in 1996, he didn't trust his own military. So he created a Special Presidential Guard and fortified his palace to make it impregnable. But just in case somebody might have an idea of attacking it from the air, he gave his Presidential Guard some heavy artillery, including heavy-duty anti-helicopter machine guns.

Sometime in 1999, when returning from a trip overseas, his Presidential Guard was sent to the airport to meet him, as was customary. They decided to test their new weapons on him and opened fire with their anti-helicopter machine guns. Mainassara's body was shredded into pieces, littering the tarmac. Upon seeing the bits, his wife collapsed on the tarmac.

In Ivory Coast, ousted president Henri Bedie believed that the *gendarmerie* was strong enough to protect the state and his presidency against any threat. Accordingly, he gave hefty pay increases to the gendarmerie and the police and ignored the army. "But when the coup came, the gendarmes' commander refused to order his men to fight fellow Ivorians" (*The Economist*, January 8, 2000; 42).

The next coconut-head, General Robert Guie, did not learn either. As discussed previously in this chapter, after seizing power in a December 1999 coup, General Guie claimed he had only come to "sweep the house clean" and would return to the barracks. But after tasting power for a few months, he changed his mind and decided to run for the presidency. None of the parties would have him, so he decided to run as the "people's candidate" in the October 27, 2000, elections. When early returns showed that he was losing, he ordered his soldiers to raid the Electoral Commission and sack the commissioners. The vote was then counted in secret and General Guei declared the winner. But,

> Crowds of Abidjan residents—angry at the general's attempt to steal Sunday's presidential elections—fought for a second day with troops loyal to Guei. The battle turned when key army units and the paramilitary gendarme force defected to the opposition, recognizing veteran opposition politician Laurent Gbagbo as the elected president. (*Washington Post*, October 26, 2000; A33). General Guie fled Ivory Coast in a helicopter on October 29.

The law is this: the more an African head of state spends on security, the more likely he will be overthrown by someone from his own security forces. As Decalo (1976) put it: "Military hierarchies often carry within them the seeds of their own destruction or instability. Most of them have been rocked by internal power struggles, factionalism, decay of cohesion and discipline, personal power gambits, and successful or attempted coups" (p. 36).

Recall that, each year, African governments spend about $35 billion on the importation of weapons and maintenance of the military—an amount which is nearly equal to what Africa receives in aid from all sources. The futility of such military expenditures was pointed out by Archbishop Desmond Tutu. Speak-

ing at the Teachers Hall in Accra on November 25, 1990, he noted cogently: "Freedom is cheaper than repression. When you are a leader chosen by the people you don't need security. All the money spent on weapons doesn't buy one iota of security" (*Christian Messenger*, January 1991; 1).

"I bought jet fighters. I bought MiG-23s. I bought armed helicopters. And I lost the war. When there's social unrest, it's difficult to win. It's the same feeling today," said Likulia Bolongo, the defense minister of President Mobutu Sese Seko during the 1996–1997 war (*Washington Post*, November 23, 1999; A24).

In Mauritania on August 2, 2005, army officers overthrew President Maaouiya Ould Sid Ahmed Taya in a bloodless revolt. Speaking after the coup, Mr. Taya said he had been shocked to find out who was behind it. He was toppled by the former security chief and close colleague, Colonel Ely Ould Mohammed Vall, who had been the director of national security since 1987 and had played a key role in the 1984 coup which brought Mr. Taya to power.

> My situation reminds me of the old adage: "God, save me from my friends, I'll take care of my enemies," President Taya told Radio France Internationale from Niger. "I was stunned by the coup d'etat [. . .] and even more so when I heard who were the authors," Mr. Taya said. (*BBC World News*, August 6, 2005)

In Guinea-Bissau, President João Bernardo Vieira was killed in an attack outside his house. Army troops blamed him for the death of the army chief, General Batista Tagme Na Wai, in an explosion on March 1, 2009. Vieira played a leading part in the guerrilla war against Portuguese rule that culminated in the mid-1970s with independence for Portugal's African colonies. He seized power in a coup in 1980 but was deposed by a military junta that included Na Wai in 1999 following a brief civil war, but was elected back into power in 2005. Since then, his government was increasingly unstable, with widespread reports of tensions between him and the military elite, so much so that he recruited a four hundred-strong personal guard, which was accused in January of opening fire on the army commander on March 1. The military retaliated, killing President Vieira a day later.

> "It is a settling of accounts," said Moustapha Diallo, the leader of an organization representing people from Guinea-Bissau living in Conakry, the capital of Guinea. "In an affair like this, if you kill me, my brothers will avenge me. It's as simple as that." (*The New York Times*, March 5, 2009; A6)

Perhaps the most telling lessons came from the Arab Spring. Ben Ali of Tunisia, Hosni Mubarak of Egypt, and Muammar Gaddafi of Libya were all military officers who built strong armies that kept them in power. Mubarak for example splurged on the military, spending lavishly on fighter jets and tanks. The United States was providing more than $1 billion in military aid to Egypt a year. In the end, the military's Supreme Council concluded that the only way to deal with the 2011 crisis was for Mubarak to go and to be seen to be gone. He and his family were packed on a plane and dispatched to his palace in the Red Sea resort of Sharm el-Sheikh on January 11, 2011. Just like Ben Ali of Tunisia, he was shoved aside by his own military. In the case of Gadhafi, his soldiers could not protect him against ragtag rebels, who shot him in between the eyes.

They never learn, do they?

Iron Law No. 4: Reprisal is a certainty. A dictator does not go down alone because he often surrounds himself with—and has awarded top government positions to—cronies and members of his own tribe.

Thus vengeful retribution is often taken against his appointees and his tribe when he is overthrown. The victims may be innocent individuals who had nothing to do with the ousted leader but are brutalized nonetheless because of their association with him or their membership in a tribe that enjoyed special privileges when he ruled. This law helps to explain ethnic pogroms and tribal conflict that often take place after the changes of government in Africa.

To maintain their grip on power and service their support base, insecure despots fill key positions in government and security services with kinsmen, and they channel development projects to their ethnic areas that voted for them. In Cameroon, 80 percent of the prefet and sous-prefet (district chief executives) come from President Biya's Beti tribal group. In Ivory Coast, the Bauole tribal group ruled the country and occupied all key positions in the administration from independence until the December 1999 coup. In Gabon, President Bongo's Fang have been in control. Similar ethnic monopolization of power could be found in Kenya, Nigeria, and Sudan. In Kenya, Jomo Kenyatta favored his ethnic group, the Gikuyu, while Daniel arap Moi favored the Kalenjin. It was this tribal rivalry and competition for power that resulted in the previously mentioned 2007 electoral violence that claimed about 1,200 lives and rendered over 500,000

homeless. In 2013, the president of Kenya, Uhuru Kenyatta, was to stand trial at the ICC for his alleged role in the massacre—charges that were later dropped.

In Ghana, Chris Atakpo, warned during Rawlings's tenure:

> At the Kotoka International Airport, all the officials are Ewes. Why? Tema Harbor the same thing. Almost all the key positions in the military, police force and corporations are Ewes. Why? I am an Ewe and from Keta. Mr. Rawlings, you should think of what is happening in Rwanda now. You should know that we the Ewes are about 9 percent of the population. Don't let we the Ewes be the victims in future. Please change your deadly ideas. (*Ghana Drum*, June 1994; 4)

The *Ghanaian Chronicle* (August 7–9, 1995) also published a detailed account of the "Insidious Threat of Tribalism and the National Interest" on its front page:

> Almost all the financial institutions, major corporations and institutions in Ghana are headed by Ewes. These include the Bank of Ghana, the Social Security and National Insurance Trust (SSNIT), the Ghana Reinsurance Organization (GRO), the Home Finance Corporation. Other important public institutions headed by Ewes are the Ghana National Petroleum Corporation, the Ghana Ports and Harbors Authority, the Ghana Supply Commission, and the Ghana Water and Sewerage Corporation, where all seven directors are Ewes.
>
> In the military, the General Officer Commanding the Ghana Armed Forces and the Army Commander are all Ewes. In July, over 90 percent of the more than 100 new recruits who joined the Commando Unit of the Forces Reserve Regiment were all Ewes. The C.O. of Unit 64, the FRB, is an Ewe and *the President's Presidential Guard are all Ewes.*

In the Ivory Coast, a lightning military coup ousted the corrupt government of Henri Konan Bedie, who spent millions to "develop" his hometown, Daoukro. As *The New York Times* (January 7, 2000) reported, "During the coup they feared reprisals, and elderly women and children fled into the forest. Most have now returned, though soldiers and police officials still restrict entry into the town The authorities let a reporter in but forbade taking photographs of the mosque and the new Hôtel de la Paix, with the three separate bungalows for private presidential meetings that will never take place" (p. A3).

In Liberia, the Krahn tribe under the Doe regime and the Marehan clan under the Barre regime of Somalia are other examples. In Liberia, savage reprisals were taken against the Krahn, most of whom fled into neighboring countries. On the fall of Samuel Doe, *West Africa* wrote in an editorial:

> Another serious indictment of his rule, has to be the way he was unable to see that the crass pursuit of the interests of his own ethnic group, the Krahn, would in the long run grievously damage the future of that group, as well as the whole of Liberia. There are other African countries where the concentration of guns in the hands of one group (as in Togo or the Congo) creates a grievous political imbalance, even if it can bring spurious short-term stability. Doe's efforts over the years to pack his army with Krahn, many of them brought from over the Ivorian border, introduced a level of tribal animosity not previously known, despite historical roots. (September 17–23, 1990; 2469)

In Somalia, former president Siad Barre not only favored his own Marehan clan but also played off one clan against another to stay in power. The Galgalo and Darod clans were armed by Barre. After Barre's ouster in January 1991, almost all the men of the Galgalo clan were killed in reprisals. In Mogadishu, the Darod clan was humiliated by the Hawiye clan, from which the triumphant United Somali Congress (USC) drew its support. "The Darods have been forced out of Mogadishu, stripped of everything, and now they're bent on revenge," said one man. . . . "The showdown is still to come" (*Africa Report*, May/June 1991; 59).

In Rwanda, the corrupt and despotic regime of President Juvenal Habyarimana—a Hutu hardliner—instituted a black tribal apartheid, enforced with a passbook system comparable to the one black South Africans came to hate under white apartheid. Government jobs and lucrative commercial dealings went only to the Hutu, excluding the Tutsi. After seizing power on July 5, 1973, Major-General Habyarimana ruled with an iron fist. Demands for power-sharing and democracy were rejected. He created Hutu militias, known as *interahamwe*, to be used to disrupt multiparty elections or bring havoc if the opposition won an election or the rebel Tutsi movement won the war. The militias embarked on sporadic killing of Tutsis in mid-1993, which escalated in early 1994, including a massacre of hundreds in January.

Hardliners in Habyarimana's regime were opposed to multi-party democracy or power-sharing and should such a prospect become inevitable, a diabolical plan had been prepared. An inkling of what was to come after negotiations broke down in February 1994 was revealed by a comment made by Colonel Theoneste

Bagosora of Habyarimana's elite presidential guard: "He said he was going back to Kigali (the capital) to prepare for the apocalypse" (*The Washington Times*, May 26, 1994; A17).

On April 6, 1994, President Habyarimana was killed, together with the president of Burundi, in an apparent rocket attack on their plane. Their deaths unleashed a ferocious carnage that claimed over one million lives. And what happened to Colonel Theoneste Bagosora and his henchmen? They fled to Cameroon, but on April 1, 1996, eleven of the masterminds of the 1994 genocide were rounded up and tossed into Cameroon jails:

> The 11 include former high-ranking government and military leaders who could face the death penalty if extradited to Rwanda. . . . The group includes former army Col. Theoneste Bagosora, who's accused of masterminding the killings; Ferdinand Nahimana, whose Radio Milles Collines broadcast messages advocating the slaughter; former Transport Minister Andre Ntagerura; and former military intelligence chief Col. Anatole Nsengiyumva, who is suspected of leading death squads. Also detained were Col. Felicien Muberuka, a former military commander, and Jean Bosco Barayagwiza, the former leader and spokesman for the extremist Committee For Democracy. . . .
>
> Prison officials let Col. Bagosora meet briefly with a reporter. "The Americans are behind this," he said, accusing the West of creating a false image of the government he once served. (*The Washington Times*, April 2, 1996; A11)

Similarly in Burundi, ethnic politics had seen alternating cycles of reprisals with each change of government, as in Rwanda. In Ethiopia, the Amharas suffered when Colonel Mengistu was ousted in 1991 and power was monopolized by the Tigrayans. It may be recalled that Idi Amin launched pogroms against the Acholi and Lango tribes. Naturally, when Idi Amin was ousted in 1979, his own tribe, Kakwa, became the brunt of reprisals. The plight of these ethnic groups should serve as a lesson to the Beti of Cameroon, Muslims of the Ivory Coast, and the Arabs of Mauritania and Sudan. Those African heads of state who exhort others to eschew "tribalism" ought to detribalize *themselves* and their regimes or risk reprisals against their tribesmen when they fall. If not, then members of these tribes should remove their disgraceful kinsmen themselves. The Krahn and the Marehan clan failed to do so.

What does one think would happen to their ethnic groups if any of the following African presidents were suddenly and violently removed from office?

- Paul Kagama of Rwanda
- Yaya Jammeh of Gambia
- Omar Bashir of Sudan
- Dos Santos of Angola
- Robert Mugabe of Zimbabwe

Also important is the fact that retribution often extends beyond the country's borders to foreign patrons, governments, and multilateral institutions which provided extensive credits to the hated, ousted regime. For example, in Ghana when Busia was overthrown in 1972, for a brief period there were cries of "Yentua" ("We won't pay our foreign debt") amid strong anti-Western feelings. When Khaddafi was toppled and killed in 2011, there were strong anti-Chinese sentiments in Libya. China pulled 20,000 of its citizens out of Libya and lost its $17 billion investments in the country.

Iron Law No. 5: The politics of exclusion has been the cause of much political instability, turmoil, and virtually all the wars as well as state collapse in postcolonial Africa.

It is important to distinguish between cultural and systemic factors. Most of Africa's problems are due to systemic and institutional defects and failures, not cultural factors. For example, a political system that concentrates enormous power in the hands of one buffoon would degenerate into tyranny no matter where one is. And corruption will spiral out of control if there is institutional breakdown to enforce the rule of law. As we saw in Chapter 8, all the ancient African empire were confederacies, characterized by decentralization of power and devolution of authority. Even many of the smaller states—such as the Ga and Ashanti Kingdoms—were confederacies. Chiefs and elders were leaders and not rulers. The cultural imperative was independence. Decision-making was by consensus and consultation—not imposition by an autocrat. In fact, decision-making by consensus is incompatible with political systems characterized by dictatorship.

The same operating principles applied when a group of states united to form a kingdom and kingdoms united to form an empire. Assertion of central control often led to rebellions and break up of polities. Wickins (1981) was emphatic in his conclusions:

> Strong centralized government was exceptional in sub-Saharan Africa. Poverty of communications made it difficult to prevent states from breaking up, and it is no accident that some of the most stable and enduring ones had navigable rivers, notably the kingdoms of the western Sudan, served by the middle Niger. Secondly, even relatively wealthy rulers, like the Mwene Mutapa, could not maintain a professional army of any size to enforce commands. Executive weakness and bad communications, together with total or general illiteracy, necessitated a devolution of powers of administration, either to appointed officials or to subordinate rulers, and in the absence of currency those exercising such powers had to be paid in kind. This meant in effect that they had either to be granted the right of appropriating a share of locally collected tribute or taxes (such as market dues and tolls) or to be given non-heritable cattle or, if it was coveted and not freely available for the taking, land. (p. 228)

There are more than 2,000 tribes in Africa and fewer than twenty can be said to have had strong centralized rule or even standing armies (Ayittey 2006; Chapter 7). In most ethnic groups, the people—of certain age groups—were the army, cobbled together in times of grave threats to the community and disbanded at the cessation of hostilities so that it never acted as a drain on the tribal treasury. Standing armies were a colonial institution introduced to suppress African aspirations for freedom.

The postcolonial leadership, with few exceptions, made a grievous mistake in establishing defective political and economic systems in which enormous power was concentrated in the hands of the state and ultimately one individual. As we saw in previous chapters, the political systems were characterized by "one-man dictatorship" (or sultanism) and the economic systems by "statism" or dirigisme, heavy state participation or direction of economic activity. Adoption of these systems was facilitated by the colonial model of a unitary state system, which centralized power and all decision-making at the capital.

Sultanism and statism were also buttressed by well-known arguments: the need for national unity, ideological aversion to capitalism, and the need to protect the newly independent African nation against foreign exploitation. Note: African leaders themselves chose these faulty systems on their own volition; the colonialists or imperialists did not force them to. This is important because when these defective systems later created problems, the leaders should have blamed themselves, not the colonialists. An enduring example was the one-party socialist system, which was widely adopted after independence and created enormous political problems. Responsibility for its adoption lay with the African leadership, not the colonialists.

Those systems, however, were totally alien and can never be justified as indigenously African. After independence, African nationalists did not dismantle the authoritarian colonial state or standing armies (Costa Rica has no standing army), nor return Africa to its indigenous roots. Rather, they strengthened and expanded the scope of the colonial state. Various arcane arguments were advanced to justify the concentration of enormous powers in the hands of the state. This centralization of power—resulting from the colonial unitary state system—transformed the state into a prize for which all sorts of groups competed to capture. This competition was ferocious and often degenerated into civil war because, in Africa, political power determines allocation of resources.

Gradually, with immense powers concentrated in their hands, the ruling elites discovered that they could misuse such powers to silence their critics, crush their enemies, allocate resources to their kinsmen, and enrich themselves. With time, a "vampire state" evolved—a state that had been hijacked by a phalanx of bandits, hustlers, and gangsters. They monopolized economic and political power and used the machinery of the state to perpetuate themselves in office; suck economic vitality out of the people; enrich themselves, their cronies, and tribesmen; and exclude everybody else—**the politics of exclusion**. Political power became the passport to great personal wealth. The richest persons in Africa are heads of state and ministers. Quite often, the chief bandit is head of state himself

In country after country in Africa, the story was the same: monopolization of economic and political power by a group (racial, ethnic, or professional), which used its governing authority to extract resources from the peasant majority and spend them to enrich itself. All others are excluded—an apartheid-like system.

- In South Africa's abominable system of apartheid, whites captured political and economic power while blacks were excluded from participation in government and the spoils system.
- In Sudan and Mauritania, Arabs held power and excluded blacks (Arab apartheid);
- In Rwanda and Burundi, the Hutus and Tutsis alternatively usurped power and excluded each other (tribal apartheid);

- In Ethiopia there was pseudo Tigrayan apartheid;
- In Nigeria the Hausa-Fulani ran the government (tribal apartheid) until 1999;
- Togo, Zaire, and Uganda were overtaken by the military (stratocracy); and
- Angola, Ivory Coast, Mozambique, Kenya, and Tanzania were run by one political party (one-party state).

Regardless of the name, it is still ***politics of exclusion***. "Government," intended to be an entity that served the best interests of the people, became instead the object of terror. In Chapter 8, we presented how some Africans view their leaders, legislators, and states.

Recall that in Kenya, cabinet ministers saw power as a means to plunder the economy on behalf of their own ethnic groups. For example, in 1993, Johnson Makua, the former minister for information and broadcasting, explained that his tribe, the Kamba, supported the ruling Kenya African National Union and President Daniel arap Moi, because it was the turn of the Kamba to enjoy the rewards of power. "We have been fed on bones for too long and it is our turn to feed on meat, while others feed on bones," he told his fellow tribesmen (*The Economist*, June 12, 1993; 47).

Naturally, such government officials would never give up their jobs and presented the most ferocious resistance to change. They fiercely resisted any cutbacks in government largesse or any attempt to open up the political system. This was precisely the case in The Gambia when Sir Dawda Jawara announced back in March 1992 his intention to step down. Free loaders and patronage junkies urged him to stay on! In Sierra Leone, Mr. Musa Gendemeh, the deputy agriculture minister, was quite explicit. On the BBC "Focus on Africa" program (April 24, 1990), he declared that

> he won't give up his present privileged position for the sake of a multiparty system nor would one expect a policeman or soldier to give up his one bag of rice at the end of every month for the same. . . .
>
> He warned that anyone talking about another party would be committing treason . . . that ministers and MPs suspected of having something to do with the multi-party movement are now under surveillance and that whenever there has been trouble in the country, his people, the Mende, have suffered the most and he warned them to be careful. (*West Africa*, June 4–10, 1990; 934)

Politics then became a zero-sum game. Those with political power "eat" and those without starve. This politics of exclusion has been the cause of Africa's chronic political instability, civil strife, wars, and chaos. Since 1970, more than forty wars have been fought in postcolonial Africa. Year after year, one African country after another has imploded with deafening staccato, scattering refugees in all directions: Sudan (1972), Angola (1975), Mozambique (1975), Ethiopia (1985), Liberia (1992), Somalia (1993), Rwanda (1994), Zaire (1996), Sierra Leone (1997), DR Congo (1998), Ethiopia/Eritrea (1998), Guinea (1999), Ivory Coast (2010), Libya (2011), Central African Republic (2013), and South Sudan (2014).

Populations have been decimated, infrastructure destroyed, and homes razed. The economic toll has been horrendous: devastated agriculture, deepening poverty, declining investment, increasing social misery, and a massive refugee population of mostly women and children. Children are abducted into child soldiery and women fall prey to marauding soldiers, turning refugee camps into breeding grounds for the spread of AIDS. Since women constitute the majority of Africa's peasant farmers, Africa's agriculture has been hardest hit. Leaders of the warring factions do not care one hoot about the wanton destruction they wreak, nor the pain and suffering they inflict on the people. In many instances, they even gain international respectability, invited to peace conferences and feted.

The vast majority of Africa's conflicts have been intra state in origin. They are not about driving away colonial infidels or redrawing colonial boundaries. Nor are they about ethnicity, religion, or Western imperialism and colonialism. They are all struggles for political power, pure and simple. Rebel leaders head straight to the capital city because that is where power lies: power to plunder resources and allocate them to oneself, cronies, and kinsmen; power to perpetuate oneself in office; and power to crush one's enemies. The wars invariably pit an autocratic "government" on one side against a rebel group, representing a politically excluded or marginalized group, on the other. As UN Secretary-General Kofi Annan noted in his April 16, 1998, Report to the Security Council:

> The nature of political power in many African States, together with real or perceived consequences of capturing and maintaining power, is a key source of conflicts across the African continent. It is frequently the case that political victory assumes a "winner-takes-all" form with respect to wealth and resources, patronage, and the prestige and prerogatives of office. A communal sense of advantage or disadvantage is often closely linked to

> this phenomenon, which is heightened in many cases by reliance on centralized and highly personalized forms of governance. (*UN Report*, April 16, 1998; 3)

In Malawi, "a report by a parliamentary committee, published in July 2000, revealed that ministers were raking in cash from ghost contracts for building schools" (*The Economist*, November 11, 2000; 60). But it was only after cabinet ministers spent $2.5 million to purchase a fleet of Mercedes Benz cars that donors threatened to withhold aid which forced President Bakili Muluzi to act by sacking the entire cabinet. But then, "his new government, named on November 5, is no smaller than his old one, many of the faces are the same, it may not be markedly cleaner" (ibid.). A decade later, the problems remained.

In November 2013, the United Kingdom suspended aid to Malawi over the $100 million "'Cashgate' scandal, which saw the central government pay out for goods and services that were never supplied and senior officials arrested with wads of banknotes in their car boots and houses" (*The Telegraph*, November 18, 2013). In the same month, the United Kingdom also cut aid to the Uganda government, accusing its officials of stealing billions of shillings in aid money. The UK Express said 1.3 million pounds, approximately 5.2 billion shillings, was diverted by government officials (*Sunday Monitor*, November 7, 2013).

On June 26, 2002, the presidents of Algeria, Nigeria, Senegal, and South Africa traveled to Kananaski, Alberta (Canada), to present the New Partnership for Africa's Development (NEPAD) to the G-8 Summit for funding by the rich nations. Mercy Muigai, an unemployed Kenyan woman, was unimpressed:

> "All these people [African leaders and elites] do is talk, talk, talk. Then if they do get any money from the wazungu [white men], they just steal it for themselves. And what about us? We have no food. We have no schools. We have no future. We are just left to die." (*The Washington Times*, June 28, 2002; A17)

This state of affairs is untenable and does not endure. With time, the government loses legitimacy and can no longer mobilize the people for development. Its appeals and exhortations to the people for sacrifice are simply ignored. A growing gap between the rulers and the ruled develops and makes those who control the state increasingly insecure, repressive and less responsive to the needs of the people—a vicious political circle. Insecure government officials aggravate the situation by surrounding themselves with their cronies and kinsmen—people they can trust. The rest of the people in turn begin to regard the state and its institutions with fear, suspicion and cynicism. Eventually, the "vampire African state" implodes, sucking the country into a vortex of savage carnage and heinous destruction: Liberia, Rwanda, Somalia, Sudan, and Zaire.

Groups that are politically marginalized or excluded may resort to one of these three options:

- Exit option. Some groups may feel that they do not have the weapons to fight and remove the ruling elites and may choose to vote with their feet to go and settle somewhere else, to become refugees. This explains why Africa is crawling with refugees estimated to be at least 6 million. Historically, voting with the feet has been an ancient, time-honored passive African resistance to tyranny. Despotic rulers simply found themselves abandoned by the people. The history of Africa is full of such migrations of people.
- Secede. Break away and establish their own separate state. The Igbo of Nigeria tried this in 1967, resulting in the Biafran War. Unsuccessful secessionist bids were also attempted by Cabinda from Angola and Casamance from Senegal. Eritrea and South Sudan, however, were successful.
- Rebel insurgency. Organize a group of rebel soldiers and set out from the bush to remove the ruling vampire elites by force, which degenerates into civil war. And it takes only a small band of determined rag-tag malcontents to plunge an African country into mayhem. Back in 1981, Yoweri Museveni, the current president of Uganda, started out with only twenty-seven men in a guerrilla campaign against Milton Obote. Charles Taylor, the ex-president of Liberia, set out with 150 rebels; the late Mohamed Farah Aidid of Somalia began with 200 rebels; and Paul Kagame of Rwanda set out with less than 250.

The vast majority of the Civil Wars in postcolonial Africa have been of the third option—started by politically excluded groups. A few examples will suffice:

- 1991: Ethiopia by the Tigrayans and Eritreans,
- 1994: Rwanda by the Tutsi (the politically excluded),
- 2005: Ivory Coast by the northern Muslims,
- 2012: Mali by the Tuaregs.

The reason why African countries implode has nothing to do with ethnicity, religion, artificial colonial borders, Chinese imperialism, or Islam. It is about the politics of exclusion. One cannot replace one apartheid-like system with another and practice the same politics of exclusion—as in Burundi, Ethiopia, Ivory Coast, Liberia, Nigeria, Rwanda, South Sudan and Uganda. The solution to all of the chaos and state collapse should be obvious: the politics of inclusion.

South Africa wisely dismantled its apartheid system and saved itself in 1994. Why didn't Rwanda, which imploded in 1994 at the cost of over one million lives? Or Sudan, which broke apart, with a new nation, South Sudan, formed? Or Ivory Coast, which imploded in 2011?

Iron Law No. 6: In the postcolonial period, no African government has been able to put down a rebel insurgency.

Careful study of Africa's failed states reveals a disconcerting truism. In nearly all cases, a political crisis begins when one "educated" buffoon—civilian or military—assumes power and insidiously takes measures to entrench himself. He packs key state institutions —security forces, judiciary, media, the banking system—with members of his tribal, military, religious, or political group. Over time, "government" ceases to exist; it is captured by this cabal of buddies, free-loaders, and unrepentant bandits who use state machinery to plunder their country's wealth for themselves and exclude everybody else—the "politics of exclusion." As we saw above, eventually, this vampire state metastasizes into a coconut republic, where rule of law is a farce. Bandits are in charge and their victims in jail. Police protect the crooks in power—not the people.

To maintain their grip on power, Africa's despots resort to various tactics: brutal repression, cooptation of opposition leaders with offers of government positions, playing one ethnic group against another ("divide and conquer"), among others. Eventually, a political crisis erupts—invariably triggered by manipulation of the electoral process. They must always win elections. In fact, the destruction of an African country, regardless of the professed ideology of its leader, always begins with some dispute over the electoral process or the transfer of power. (Recall Iron Law No.1) Nearly all of Africa's civil wars—more than forty since 1970—started this way. Many of these countries would have been saved had their respective autocrats—most of them dead military generals—been willing to step down or share political power.

The insurgency often starts with a small band of rebels from the countryside, where government troops are thinly spread, being concentrated in the capital city. Rebel leaders set out with a small band of disaffected rebels but as they head for the capital city, their ranks swell with restless and unemployed youth, sensing an opportunity for jobs and riches through pillage and plunder. Some, like child soldiers, are forcibly recruited into the rebel movement. Fighting escalates as rebels close in on the capital city. Some unpaid government soldiers may flee or even join the rebel forces. Such was the case with President Maharanee Ousmane of Niger.

A year after taking office in 1994, he had tripled his fortune. As required by law, he had declared a fortune of 51 million CFA ($89,000) and three houses when he took office in April 1993. A year later, "The poor West African country's Supreme Court said on April 28, 1994, that Maharanee had declared 160 million CFA ($280,000, with 57 million CFA held in cash and the rest in a local bank. Maharanee's list of property was 10 houses in Niger, livestock and poultry, three cars, two television sets, two video recorders and two gold watches" (*African News Weekly*, May 20, 1994; 8).

In January 1996, when a group of soldiers led by General Mainassara staged a coup, Ousmane's presidential guards were called upon to repulse the coup. But one guard looked at another and asked: "Defend this scrofulous bandit?" "Chei, you lied bad!" came the reply. As rumor had it, they abandoned their posts and dove into the Niger River to flee. Unfortunately, the crocodiles got them. Oh, what a hearty feast they had!

In Guinea, on May 10, 2007, hundreds of marauding soldiers fired guns in the air in the streets of Conakry and other towns around the country, further threatening the ability of Guinea's beleaguered and late president Lansana Conte to govern. Banks, schools, markets, and shops closed as news spread that heavily armed soldiers were marching into town after talks between senior military officials and soldiers collapsed.

> "We want the leaders who stole our wages and betrayed us to step down," one of the soldiers marching in central Conakry close to the presidential palace, told IRIN, which also saw presidential guards, distinguished by their red berets. They were shooting in the air in what appeared to be an attempt to scare off the mutinous soldiers, but the presidential guards were outnumbered and eventually fled. (*UN Integrated Regional Information Networks IRIN*, May 11, 2007)

A bitter lesson in the postcolonial era is that no African government has successfully put down a rebel insurgency. The rebels often have sympathetic villagers on their side. Unpaid and demoralized government troops (loyalists in the case of the Ivory Coast), often abandon posts, sell their weapons to the rebels or even join them (Ethiopia, Somalia, Sierra Leone, Zaire). But with the capital city well fortified, fighting grinds to a stalemate—rebel soldiers lacking fire-power to launch one final assault on the capital city and government troops too weak to beat back the rebels advance. The insurgency may come to an end when a rebel leader, such as Jonas Savimbi of UNITA in Angola is killed, which is rare. The insurgency may also peter out because of lack of funding, waning interest or divisions within rebel leadership.

In most cases, the instinctive reaction of despotic African governments is to reach for bazooka whenever a rebellion erupts—the military solution. But in no case has an African government defeated a rebel insurgency. Nigeria's military had been battling Boko Haram for six years. In January 2014, President Jonathan sacked all of Nigeria's military generals and chiefs, but the tide didn't seem to have turned in the military's favor. Uganda's military has been battling the Lord Resistance Army (LRA) for more than two decades. There are other rebel insurgencies still active in Mali, Senegal, Spanish Sahara, Sudan, and DR Congo.

This suggests that it is misguided and costly for an African government to seek to defeat a rebel insurgency militarily. Other options need to be tried.

Iron Law No. 7: Government of national unity (GNU) has never worked in postcolonial Africa. So don't even dream of recommending one for rebels and government officials.

More often than not, government forces are not able to end an insurgency and the civil war drags on. Horrified at the destruction, carnage, growing number of refugees—in particular, women and children—and loss of lives, the international community brings maximum pressure to bear on the combatants to reach some kind of peace accord, a cease fire, or political settlement, which often ends in failure. The most common modality has been the direct face-to-face negotiation between the warring factions—a Western-approach often pushed by well-intentioned international community disgusted by the horrors of war. But it has seldom worked in Africa for five reasons.

First, it works if factional leaders want peace or must pay a price for the mayhem they wreak—assumptions which grotesquely confute reality. Quite often, war becomes "profitable" to warlords as a conflict situation provides them with the opportunity to rape women, pillage villages, and plunder natural resources such as gold and diamonds. For rebel soldiers, their weapons are often their livelihoods. Government soldiers also live by looting as they are often unpaid by their cash-strapped governments. Indeed, several officers have grown rich by seizing control of diamond fields. Countless examples can be drawn from the wars in Liberia, Sierra Leone, Somalia and DR Congo. War also gives government an excuse ("national security") to suspend development projects, provision of social services, and keep its defense budget secret, thereby shielding padded contracts to cronies from scrutiny.

Worse, none of the war combatants pay any price for the destruction they wreak. More often than not, they are "rewarded," gaining respectability. Back in 1993, the late Somali warlord, Mohammed Farah Aideed, was transported in US military aircraft to Addis Ababa to take part in peace negotiations. (Aideed forces were subsequently responsible for the deaths of eighteen US Rangers in Mogadishu.) The most outrageous appeasement, however, was that of Foday Sankoh, the barbarous warlord of Sierra Leone, whose band of savages (the Revolutionary United Front—RUF) chopped off the limbs of people, including women and children who stood in their way. Reverend Jesse Jackson Senior even hailed him as the "Nelson Mandela" of West Africa, angering human rights activists. The 1999 Lome Accord rewarded RUF with four cabinet positions, and rebel leader Foday Sankoh got to be minister of Lands and Mines.

Second, the direct face-to-face negotiations may lead to a peace accord and the establishment of a "government of national unity" (GNU) since the conflict is invariably a power struggle. But it defies common sense to expect mortal enemies, who are sworn to the mutual destruction of each other, to cast all suspicion and bitterness aside and blithely work closely together. The case of John Garang maybe recalled. In 2005, he signed a peace accord to end Sudan's civil war. He served as first vice president of Sudan on July 9, 2005, but the next month he was dead in a mysterious helicopter crash on July 30, 2005. The government in Khartoum denied any responsibility. Naturally. His wife nonetheless blamed the regime of Omar Al Bashir.

Third, even if the two sides could work peacefully together in a GNU, peace accords are essentially a blueprint for joint plunder of the state. Ministerial or government positions are to be shared between government and rebel leaders, but bitter squabbles erupt over the distribution. Nobody is satisfied with what they get at the peace talks. Though a peace accord is an exercise in "give and take," each side feels it is "stronger" and should, therefore, be awarded more ministerial or "choice" positions. Inevitably, resentment and squabbles erupt over who gets what posts, leading to the resumption of conflict again (Angola in 1992, Congo in 1999, Sierra Leone in 2000, and Ivory Coast in January 2003).

Fourth, African leaders seldom honor agreements they append their signatures to, much less implement them in good faith. For the Ivorian crisis, a peace accord was signed in Ghana in January 2003, to establish a GNU—a power-sharing deal between the government of President Laurent Gbagbo, which controlled the southern half of this country, and the rebel groups, who controlled the north and much of the west. But "disagreements over the distribution of cabinet posts flared and the January peace accord was greeted by a week of anti-French and anti-rebel demonstrations in parts of the country" (*Africa Recovery*, Vol. 17, No. 1, May 2003; 3)

Government supporters bitterly opposed the allocation of two key ministerial positions (interior and defense) to the rebel groups. At the following March 7, 2003, peace conference in Ghana, the rebel groups said they would drop their claims to the two pivotal cabinet positions in exchange for "other concessions from Mr. Gbagbo's government, including an assurance that it would guarantee the safety of their leaders and cede power to the man both sides have agreed would lead the unity government as prime minister—a veteran politician named Seydou Diarra" (*The New York Times*, March 8, 2003; A3). But as *The New York Times* (March 9, 2003) reported,

> The ink had not yet dried on another promise for peace in Ivory Coast as fighting broke out in its unruly west overnight, with civilians fleeing their ransacked villages and men firing at French soldiers who were there to enforce a cease-fire. (p. A10)

The French had to send in more troops to enforce the cease-fire. Mr. Gbagbo was reluctant to spell out the powers he would hand over to Mr. Diarra until France exerted massive pressure. On September 23, 2003, the rebels, calling themselves the New Forces, pulled out of the "national reconciliation government" set up in March, claiming they had been denied real power. Indeed, out of the forty-two ministries, only eleven, all run by President Laurent Gbagbo, had budgets (*The Economist*, October 4, 2003; 46). Similar squabbling over the distribution of posts led to resumption of hostilities in Angola (1992), DR Congo (1999), and Sierra Leone (2000).

Even then, satisfying each side's demands results in an enormous expansion of the state bureaucracy. Zimbabwe's GNU created sixty-four cabinet ministers and deputy ministers, while Kenya's had a staggering ninety-six. Even then, African despots never honor GNU agreements. They backtrack on the agreements. Or they may accede to the creation of the post of a prime minister but deprive it of power or a budget to enable him to function—as happened in Angola in 1992 and Ivory Coast in 2003.

To end Liberia's brutal civil war that started in 1999 where tens of thousands were slaughtered, raped, and maimed, peace talks were held in Accra, Ghana. Charles Taylor, then president of Liberia and now in jail for fifty years, pledged on June 17, 2003, to step down under a cease-fire agreement his government signed with two rebel groups battling his regime. Under that agreement, a transitional government was to be formed from the then Liberian government, rebels, political parties, and others but without the inclusion of Taylor. His defense minister, Daniel Chea, who signed the cease-fire in Accra, Ghana's capital, affirmed the deal: "President Taylor fully supports this peace accord, and the government will do anything to ensure its success. By signing this cease-fire, we're letting the world know that the government of Liberia wishes in no way to be part of any further bloodshed" (*Washington Post*, June 17, 2003; A8).

Mediators and observers in Accra were overjoyed as Chea shook hands with Kabineh Janeh and Tia Slanger, delegates of the two rebel movements that had seized more than 60 percent of the country. Representatives from the United States, the European Union, Nigeria, and Ghana all signed the agreement, as witnesses. But within hours of signing the accord, Taylor's government started backtracking on the question of his stepping down.

"We believe that all of those demands—like resignation, stepping aside, interim government and unity government—will have to be thrashed out," said government spokesman Vaanii Paasawe (*Washington Post*, June 17, 2003; A8). He insisted that the cease-fire was the only binding part of the accord. "It's

a political discussion, including the issue of the stepping aside of President Taylor. What we were successful in doing in Accra was to separate the cease-fire issue from the political questions," Paasawe added (*Washington Post*, June 18, 2003; A20). After intense bombardment of Monrovia by ECOWAS troops and mounting international pressure, as well as an offer of political asylum in Nigeria, Charles Taylor resigned on August 7, 2003.

Since the 1970s, more than forty such "peace accords" have been brokered in Africa with abysmal success record. Only Mozambique's 1991 peace accord has endured, while shaky pacts held intermittently in Central African Republic, Chad, DR Congo, Ivory Coast, and Niger. Elsewhere, peace accords were shredded like confetti even before the ink on them was dry, amid mutual recriminations of cease-fire violations. The most spectacular failures were: Angola (1991 Bicesse Accord, 1994 Lusaka Accord), Burundi (1993 Arusha Accord), DR Congo (July 1999 Lusaka Accord), Rwanda (1993 Arusha Accord), Sierra Leone (1999 Lome Accord) and Liberia (2003 Accra Accord), and South Sudan in 2014.

Fifth, even when peace accords are successfully concluded and a "government of national unity" (GNU) is established, it is short-lived. Angola's GNU did not last for more than six months in 1992. In South Africa, former president de Klerk pulled out of the GNU after barely one year when apartheid was dismantled in 1994. Congo's GNU in 2003 created four vice-presidents but did not bring peace to eastern Congo, especially the Bunia region. Burundi's civil war flared up in August 2003 again, despite the establishment of a GNU, brokered by former president Nelson Mandela. Ivory Coast's GNU, established in January 2003, proceeded in fits and starts, eventually culminating in the resumption of civil war in 2011, after a dispute over election results in November 2010.

Following Kenya's violent December 2007 elections in which 1,400 people perished, a peace deal was reached and GNU created in February 2008. But that deal floundered. A tribunal was to be created to try those suspected of organizing the violence; it was never created. Prime Minister Raila Odinga complained bitterly that he had been sidelined and excluded from major decision-making. Déjà vu? In Zimbabwe's 2009 GNU, Mugabe's ZANU–PF sought to grab all the key and important ministries. It was originally allocated fifteen but seized twenty-two anyway. Another déjà vu?

Sudan's GNU, brokered in Kenya in 2005 barely lasted a year. After battling the tyrannical regime of President Omar al Bashir of Sudan, the late Dr. John Garang of the Sudanese People Liberation Army (SPLA), decided to join a GNU. The agreement was supposed to foster peace by melding the rebel movement Sudan People's Liberation Movement (SPLM) with the ruling party, the National Congress Party, in a national unity government that would rule Sudan until multiparty elections in 2009. But recall that within a month, he had perished in a mysterious helicopter crash. Though the mystery was never solved, his widow blamed the Bashir regime.

Six months later, the SPLM abruptly pulled out of the national unity government on October 12, 2007. The former rebels said, "the move was intended to press Sudan's ruling party to live up to the multifaceted agreement, which has been hobbled by disputes over borders, troop movements and sharing Sudan's oil profits" (*The New York Times*, October 12, 2007; A8).

In 2010, the rebel South held a referendum and broke away to become a newly independent country, South Sudan. Then within three years, the new country too had descended into brutal civil war—a pitched battle between two coconuts (President Salva Kiir and Vice President Riek Machar). That is a strong derogatory term used because the South Sudanese people had suffered decades of war with the Arab north and finally won their independence—only to be plunged into civil war again between those who claimed to have freed them from oppressive Arab apartheid. Some crocodile liberators. But then again, this is the painful and ugly postcolonial African story.

True freedom never came to much of Africa after independence in the 1960s. All that Africa did was to trade one set of masters (white colonialists) for another (black new colonialists). Oppression and exploitation of the African people continued unabated (Ayittey 1992). Truth be told, many of the postcolonial leaders—especially the military routers such as Idi Amin, Sani Abacha, or Samuel Doe—were worse than the colonialists. They established one-party state systems that admitted no political accountability or freedom of expression. In 1990, fifty years after independence, only four of the fifty-three African countries were democratic. And this was freedom from colonial rule?

This is not to suggest that colonial rule was better or acceptable. Far from it. Colonial rule was at once invidious and never acceptable. But when Africans fought for freedom from colonial rule, they expected to have more freedom, not repression.

From 1960 to 2015, there were exactly 229 African heads of state but fewer than fifteen can be said to have been good leaders. Such a list would include Nelson Mandela of South Africa, Kwame Nkrumah of Ghana, Nnamdi Azikiwe of Nigeria, Jomo Kenyatta of Kenya, Julius Nyerere of Tanzania, Modibo Keita of Mali, Leopold Senghor of Senegal, Kenneth Kaunda of Zambia, Gamal Nassar of Egypt, among a few others. Even then, this list would be controversial. Still, even if one can name fifteen such good leaders, that would be less than 10 percent of the total, meaning that the vast majority—over 90 percent—of the postcolonial leaders were utter failures. And look at them—a disgusting assortment of military coconut-heads, Swiss Bank socialists, Jaguar Marxists, crocodile liberators, quack revolutionaries, briefcase bandits, vampire elites, civilian goat-heads, kalabule vagabonds, etc., who pauperized their people and deprecated the dignity of once proud black people, despite Africa's immense mineral wealth.

It wasn't even worth it as many of them were assassinated, violently overthrown or chased into exile. Samuel Doe of Liberia bled to death after his ears were cut off. Sani Abacha of Nigeria was poisoned. Muammar Qaddafi was shot in between the eyes. Few ex-presidents live in their own countries. Said K. P. Sherman, a Liberian exiled in the United States: "The fact that the continent of Africa has so few surviving presidents says a lot about the personalities of African leaders. The pathway of African Leadership usually starts off as revolutionary, corrupt, greedy, manipulators of the law to prolong power, and eventually political death. As a young African, I am hopeful that we can reclaim our legacy if more African presidents consider 'LIFE' after office" (*African Insight*, June 2005; 11).

Mo Ibrahim, the Sudanese cell phone tycoon, set up a $5 million prize for any African leader who stepped down willingly after losing a democratic vote. For four years in a row (2011–2014), he had no takers. Recall that President Yower Museveni of Uganda once said in 1986 that no African leader should be in power for more than ten years. In 2015, he was still in power. Asked about the Mo Ibrahim of $5 million prize for stepping down, Museveni scoffed: "What an insult" (*African Insights*, December 14, 2014).

Once they rose to power, these leaders never wanted to relinquish it and stayed and stayed—ten, twenty, thirty, and even forty years. Not even bulldozers could dislodge them from power, plunging their countries into senseless civil wars. Meanwhile, some of them looted their treasuries to become among the richest in the world while their people starved. Regardless of how one cuts it, this is not the type of leadership one can be proud of. Even the so-called primitive and backward chiefs of Africa provided better leadership. No traditional African chief could loot the tribal treasury for deposit in Switzerland and remain chief.

Perhaps, women presidents might do a better job as Chipo Lungu, executive director of Zambia National Women's Lobby Group inferred: "The men haven't done a good job of running our countries, so maybe now we are looking for a Big Woman, not a Big Man, to do the job. The list of corrupt, incompetent, and just foolish male leaders is a long one" (*The Herald-Tribune*, June 8, 2003; 1F). Unfortunately, Ellen Johnson Sirleaf of Liberia and Joyce Banda of Malawi have been unable to distinguish themselves.

President Johnson Sirleaf was unable to curb corruption and nepotism. Her sons were placed in prominent government positions, one being the governor of the Central Bank of Liberia. President Banda became embroiled in a corruption scandal known as "Cashgate" and was roundly defeated in the May 2014 elections, which she claimed were marred by irregularities. Few believed her.

The Real African Solution

Peace accords and GNU failed because they often used a Western approach: direct face-to-face negotiation between warring factions. Perhaps Africa's own indigenous conflict resolution mechanism may offer a way out of the conundrum. Indeed, said Henry Anyidoho, the deputy head of the joint UN–African Union peacekeeping mission to Sudan, "We've been promoting the use of traditional methods to solve conflicts. You see all over Africa, where that system is broken, you have problems. Where that system is in place, you have no problems" (*Washington Post*, July 5, 2008; A8). What exactly is the traditional African method?

The key ingredient—missing in the Western approach—is civil society. "When two elephants fight, the grass gets trampled upon and hurt," says an African proverb. African conflict resolution then requires four parties: the two elephants, an arbiter, and the "grass" (civil society). Just as it takes a village to raise a child, so too does it take a village to resolve a conflict.

In traditional Africa, when two disputants can't resolve their differences by themselves, the case will be taken to a chief's court for adjudication. The court is

open and anyone affected by the dispute can participate. The complainant makes his case, then the defendant. Next, anybody else who has something to say may do so. After all the arguments have been heard, the chief renders a decision. The guilty party may be fined say, three goats. In default, his family is held liable. The injured party receives one goat, the chief another goat for his services, and the remainder slaughtered for a village feast for all to enjoy. The latter social event is derived from the African belief that conflict shatters social relations and such frayed relations need to be healed—the "grass" pacified. More importantly, the interests of the community supersede those of the disputants. If they adopt intransigent positions, they can be sidelined by the will of the community and fined say, two goats each for disturbing social peace. In extreme cases, they can be expelled from the village. Thus, there is a price to be paid for intransigence and for wreaking social mayhem—a price exacted by the victims but absent in GNU.

Iron Law No. 8: When the government is a failure, opposition politicians nonexistent or hopeless, and intellectual leadership found wanting, then a third force emerges to drive change—often with disastrous consequences. That third force may be a group of soldiers, rebel insurgents, or the youth.

Postcolonial African history shows clearly that when the politicians fail to resolve a political crisis for years, sooner or later, a Charles Taylor, a Foday Sankoh, a Mohammed Farah Aideed, a Laurent Kabila, or some rebel leader will emerge to resolve the crisis ***by force***. And the consequences of their interventions are still there for us to witness.

In the Arab Spring, in the face of sclerotic leadership and feckless opposition, the youth stepped in to drive change. But they were shoved aside and the revolution snatched from their hands. As American foreign correspondent Elizabeth Dickinson reported,

> When the Arab Spring was born, it had a young face. On the streets of Sidi Bouzid, then Tunis, then Cairo, Benghazi, and beyond, it was 20- and 30-somethings who hit the pavement to demand change in the face of tear gas and bullets.
>
> They were lauded as a new, Internet-savvy generation fed up with the archaic dictators of the past. . . . But 10 months later, the revolution has aged. In the first democratic election since the turmoil began, Tunisia has elected a greying political class. More than half the candidates for the new Constituent Assembly to draft new Constitution over the next year were over 46. And the leaders of the three most successful parties are all over 65. Two of these men lived in exile in France for 20 years, removed from the hard reality that spurred revolution.
>
> It's often said revolutions eat their young, but rarely has it been such a feast. On the streets of Tunis and across the Middle East, the young revolutionaries have been taken aback. A movement that spread on Facebook, Twitter and YouTube is today being run by a generation that lived without computers most of their lives. Now, if the Arab Spring fails to incorporate the younger generation, it could meet the fate that so many revolutions do—leaving out those who first sparked change. (*The National*, November 1, 2011)

As noted earlier, the outcome of the Arab Spring was generality less than desirable.

Iron Law No. 9: No condition is permanent. Supporters of the dictator eventually turn against him.

In their zeal to "clean house," new rulers, often military, resort to draconian measures, declare states of emergency, and suspend civil liberties. They start a witch-hunt for corrupt politicians in the preceding regime and brutalize those who stand in their way. For example, three Ghanaian judges were abducted and murdered in June 1982 because they had freed allegedly corrupt politicians of past regimes. The witch-hunt soon spreads to "dissidents," alienating large segments of the population. Even supporters of the new regime are not safe.

In the initial stages of the "Rawlings' revolution" in Ghana, university students regularly demonstrated their support in 1982, as was also the case in the initial period of the late Samuel Doe's tenure in Liberia. When the same Ghanaian students complained in 1983 about cutbacks in allowances, the reaction of the military government was swift: closure of the universities. But as the inscription on one of the "mammy trucks" plying Accra roads says: "No condition is permanent."

Eventually the -supporters of the dictatorial regime peel away or turn against it. High-ranking government officials resign or defect and start talking. Long-held secrets about looting and other misdeeds begin to feed the rumor mill, undermining the legitimacy of the regime. One such defector was Mr. Kwaku Boakye Danquah, chairman of one of Ghana's notorious

public tribunals, which handed down harsh sentences, including death by firing squad, for economic and political "crimes." In 1992, Danquah told *West Africa* that "the tribunals 'are part of the system that underpins the PNDC (government). It is a political instrument, ensuring PNDC dominance.' He charges that there is political interference and intimidation of tribunals to secure the judgements that the government wants" (*West Africa*, March 30–April 5, 1992; 545).

In Togo, "Mba Kabassema, who was Minister of Trade and Transport in Eyadema's government in 1977, alleged that Eyadema pillaged the country's resources with the connivance of a Moroccan adviser, Maurice Assor. . . . Another delegate [to the national conference] alleged that Eyadema's personal fortune was 800 billion CFA francs ($2.8 billion) most of which has been put into foreign banks" (*New African*, October 1991; 12).

More tragic was the case of Paul Kagame of Rwanda. Credited with stopping the 1994 genocide, he was hailed as a hero—at home and abroad. In Western capitals, he could tap into an inexhaustible reservoir of goodwill—largely on account of Western guilt for not doing enough to stop the genocide. But by 2015, he had squandered this goodwill. Some were even calling for his prosecution by the International Criminal Court (ICC). As Stephen W. Smith, a professor of African studies at Duke University, put it,

> In the face of an increasingly vindictive and megalomaniac leader, the phalanx controlling Rwanda has broken up. Many of Mr. Kagame's closest supporters have opposed the president's iron-fisted methods on the grounds that they jeopardize not only their own future but the future of the minority Rwandan community. Rebuked and punished by Mr. Kagame, several of his former associates have fled into exile. Some have been assassinated, including one of General Karake's predecessors, Col. Patrick Karegeya, who was murdered in a Johannesburg hotel room on Jan. 1, 2014. . . . Mr. Kagame can't leave office without risking arraignment by the International Criminal Court, a threat from which even a trusted successor could not shield him—and Mr. Kagame no longer trusts anyone. Ignoring constitutional limits, he is orchestrating a "popular" movement to seek another term in 2017. Another election "victory" lies ahead, unless justice catches up with him. . . . Mr. Kagame has also called on his foreign allies for support. Cherie Booth, former Prime Minister Tony Blair's wife, leads the Karake defense team. Two of the Rwandan leader's most steadfast supporters have been Mr. Blair and Bill Clinton, who has said that one of his greatest regrets as president was not intervening to stop the genocide in 1994. . . . The post-genocide regime in Rwan da has many friends around the world for understandable—and in most cases, honorable—reasons. Horrified as we were by the bloodbath in 1994, and ashamed by our inability to prevent or stop it, who would want to believe that the good face Mr. Kagame has put on Rwanda—creating an image as a prospering and healing nation—is in fact a lie? Today, opposition voices in Rwanda have been completely silenced.
>
> Yet, it is precisely the outside world's need for a soothing moral tale—for a Manichean narrative to believe in—that betrays the reality in post-genocide Rwanda and renders us complicit, yet again, in more bloodshed. In a place where the absence of democracy and gross violations of human rights have already led to the ultimate collective crime, we simply cannot afford to continue to avert our gaze from Mr. Kagame's violent and arbitrary rule . . . of the need to hold Mr. Kagame accountable. He too belongs in the dock, standing trial before the International Criminal Court in the Hague. (*The New York Times*, July 20, 2015)

Iron Law No. 10: Toppling a dictator is only a first step in establishing a free society. The second step is dismantling the dictatorship itself.

As we have seen, it is not enough to change the driver; the vehicle itself must be fixed. This requires political, constitutional, institutional, and economic reforms—in that order. Too often, the second step is botched, which allows revolutions to be hijacked or reversed as occurred in Egypt, Tunisia, Libya, and many other African countries.

Postscript

This book owes nobody an apology. It has hammered postcolonial African leaders and governments and taken them to task. There is no excuse for the disastrous postcolonial performance: enduring poverty in the midst of plentiful resources, senseless civil wars, wanton destruction, failed and collapsed states, production of refugees, and other crises. One may argue that to err is human, but many of the leaders were stubborn, impervious to reason, and bullheadedly stuck to the same ruinous courses of action even when things were going glaringly wrong and their countries were being destroyed. Typical examples would include Samuel Doe of Liberia, Laurent Gbagbo of Ivory Coast, Sani Abacha of Nigeria, Muammar Gaddafi of Libya, to name a few. How many of the postcolon-

ial leaders were statesmen? How many were willing to put the welfare of their people and the interests of their states above their own selfish, personal interests and pockets? Fewer than fifteen can be said to have been good leaders or statesmen. Couldn't they learn from one another's mistakes?

Up until the twenty-first century, the leadership never really took responsibility for their foolish mistakes and failures. They always blamed external factors or somebody else: Western colonialists and imperialists, unjust international economic systems, inadequate foreign aid, stingy and neocolonial World Bank and IMF, as well as the steamy sex antics of cockroaches on the planet of Jupiter! Robert Mugabe of Zimbabwe was the arch-typical example who blamed the destruction of his country's currency and the economy on the West and then—get this—adopted the US dollar as his new currency in 2009!

Even by 1980, the African people were fed up with the antics of their leaders and governments. As one traditional chief bitterly complained in 1990, "Here in Lesotho, we have two problems—rats and the government!" It was a comment that would probably still be true in some African countries today.

However, it would be grotesquely unfair and dishonest—even criminal—to insinuate that the postcolonial destruction and development malfeasance were the fault of only the leaders. Two other groups—the opposition and intellectuals—also contributed greatly to Africa's postcolonial demise. Wittingly or not, these two groups aided and abetted the institution of tyranny in the postcolonial era. Each of their roles, in itself, could be the subject of another book or two, but a few words may suffice here to close this book.

The Opposition

"We've done a lousy job in government.
While ZANU–PF have used the last 21 months to refocus and reinvent themselves, we've lost our identity.
ZANU–PF are as brutal and corrupt as before, but much richer. They've got an almost total grip on the Marange diamonds [in the east of the country] and still control the media and security forces. They're much better organized than we are. The polls may still show us in the lead, but almost half the electorate refuse to say how they will vote. There's likely to be massive apathy among MDC supporters. If we went to the polls now, I think we could lose. We've got to start fighting."

—A senior official of the Movement for Democratic Change (MDC) in Zimbabwe (*The Economist*, Nov 6, 2010; 61)

This part of the book has been painful and difficult to write because, having been a member of the opposition and a democracy advocate in Africa for decades, it would be callous and even cruel to suggest that freedom fighters, who have been killed, jailed, or tortured for their courageous struggle for freedom should have done things differently and, thus, by inference, deserved the punishment or fate that they suffered. This, however, is not the intention. As we have repeatedly remarked, not all revolutions succeed. Failed revolutions not only cost lives and resources but also set back the freedom march. Too often, inadequate planning and poor execution result in failed revolutions.

For every force in nature there is a counterforce. A force dominates either because the counterforce is non-existent or weak. Democracy suffered a steady decline *for the sixth year in a row* in 2016 because the counterforce or the resistance—both domestic and international—was weak or crumbling. With such weak resistance, tyrants triumphed, dominated, and became smug.

In far too many African countries, the opposition is hopelessly fragmented, disorganized, prone to squabbling, and susceptible to bribery and cooptation. Their message of freedom often becomes contaminated with religion, ideology, tribalism, secession, and other sectarian issues. African autocrats are masters at outsmarting and dissembling their quarrelsome opponents and quashing protests.

Critical self-appraisal and review of strategies are necessary for those of us in the struggle for corrective steps to be taken. Such catharsis does not weaken but rather strengthens the opposition. There have been far too many cases where the opposition has squandered golden opportunities, allowing tyranny to become more entrenched. Here are a few examples.

Ethiopia: For the May 2015 elections, there were more than ninety-five opposition parties—most of them ethnically based—that challenged the despotic regime of Hailemariam Desalegn. The ruling regime "won" 100 percent of the vote. Imagine.

Guinea: In the past, Guinea's security forces had used lethal force against unarmed demonstrators without apparent justification. Yet, on September 28, 2009, Guinean opposition leaders packed more than 50,000 people into a national stadium to protest a decision by the country's military dictator, Captain Moussa Dadis Camara, to run in the presidential elections in January 2010. The soldiers simply sealed off the six entrances

to the stadium and opened fire on the trapped civilians. At least 157 people were killed.

Gambia: On December 30, 2014, a group of inexperienced Gambian expats, led by Cherno Njie, a Gambian-born property developer from Austin, Texas, attempted to overthrow the tyrannical regime of Yahya Jammeh with the assistance of his presidential guarrds. But the coup was so amateurishly planned and executed that it failed even before it got started. Part of their plan was even posted on the Internet, allowing the evil regime to prepare for them.

The coup plot failed miserably. With the president conveniently out of the country, several gunmen—including Njie—were said to have attacked the State House, hoping to overwhelm the presidential guard with the M4 semi-automatic rifles and other military equipment that they had smuggled into the country.

"Njie reportedly believed that members of the Gambian military, fed up with Jammeh's 20-year autocratic rule since coming to power in a bloodless coup in 1994, would support their cause. They didn't, and the plotters were outgunned and outmanned, taking heavy casualties—including several deaths—before abandoning the attempt" (*The Guardian*, January 7, 2015).

The worst thing that could happen in a repressed society is to attempt a coup and fail. The ever-paranoid regime goes on the rampage, arresting and detaining just about anybody it suspects—even remotely—of involvement. Indeed, more than thirty-two people were rounded up after the failed coup attempt, including Yusupha Lowe, the sixteen-year-old son of Bai Lowe, a man accused of being involved.

Too often, those who set out to liberate their countries from tyranny invariably end up fighting among themselves, sowing confusion and carnage. Some opposition leaders are themselves closet dictators, exhibiting the same tyrannical tendencies they so loudly denounce in the despots they hope to replace. In the past, many such "liberators" transformed themselves—in less than a year—into another bunch of vile, cesspool despots or "crocodile liberators," far worse than the dictators they replaced.

The opposition movement itself needs to be reformed. In too many countries, the established political opposition leadership is wooden, sclerotic, senile, and out of touch with domestic realities. Some have preached the same message for decades without getting any traction. Others have spent decades in exile. Very few can be said to be techno-savvy, capable of even surfing the Internet, sending text messages or emails like the youth. When the leadership is a failure and the established opposition becomes moribund, a third force emerges that shoves it aside (Iron Law No. 8). This third force may take the form of a rebel insurgency; rebel leaders take "to the bush" when they lose faith in the ability of the opposition to effect political change. Or it may take the form of a youth movement to sweep the opposition leaders away, as occurred in Tunisia, Egypt, and elsewhere in the Arab world in January 2011.

When the Muslim Brotherhood in Egypt chanted, "Islam is the solution," a youth at the Cairo demonstrations held a placard that read: "Tunisia is the solution." As Sudanese commentator Magdi El Gizouli noted, the January 30, 2011, protestors were "equally frustrated by the inadequacies of the oppositional political parties, a concern that found its expression in the slogan *'shabab la ahzab'* (youth, no [political] parties)" (http://stillsudan.blogspot.com/2011/01/30-january.html). A more detailed discussion of the opposition and strategies can be found in Ayittey (2011, Chapter 7).

Intellectual Prostitution

"Sometimes one cannot help but blame Africa's intellectuals for what is happening in some African countries. Many of these intellectuals happen to be educated by the tax payers' money but they turn out to collaborate with dictators and end up impoverishing their people while they grow rich and Epicurean. They disgracefully lick the boots of despots to the disadvantage of their people who look up to them for their wisdom. They throw dignity to the dogs and act as if they are hypnotized. How sad indeed."

—Eric Bawah, columnist
(*The Daily Guide*, November 20, 2001; 6)

The most painful and treacherous aspect of Africa's collapse was the willful and active collaboration by Africa's own intellectuals, many of whom were highly "educated" with PhDs, and who should have known better. It is "painful" because this concerns this author's own profession. One would think that with all their education and strings of diplomas, PhDs, and titles, including ***Agricometriology***—the application of nuclear technology to the cultivation of cassava—Africa's intellectuals would understand such basic and elementary concepts as democracy, oppression, rule of law, accountability, transparency, and free and fair elections. They should condemn flagrant violations of human rights of their own leaders just as vehemently as they did during colonial rule. But no! A multitude sold off our conscience, integrity, and principles to serve

the dictates of barbarous regimes. As prostitutes, they aided and abetted—even partook of—the plunder, misrule, and repression of the African people.

In fact, according to Colonel Yohanna A. Madaki (rtd), when General Gowon drew up plans to return Nigeria to civil rule in 1970, "academicians began to present well researched papers pointing to the fact that military rule was the better preferred option since the civilians had not learned any lessons sufficient enough to be entrusted with the governance of the country" (*Post Express,* November 12, 1998; 5). Academicians saying military rule was better?

The irony is, intellectual prostitution doesn't pay. It may bring short-term benefits, but it causes irreparable damage to reputation. In the short term, the prostitute may enjoy being a government minister—a post that comes with substantial perks—government mansion, car, driver, etc. But when the prostitutes are no longer useful to the regime, they are tossed aside like a rag or even killed. Even if they escape death, that brings no end to their tribulations. They are reviled by civil society groups and members of the opposition because of the sensitive intelligence they may pass on to the brutal regime when they "defect." They may flee the country but that brings no relief either as diasporan African groups hunt them down. In fact, an Iron Law may be promulgated for these prostitutes.

Iron Law No. 11: There is a price to pay for intellectual prostitution, collaboration, and sycophancy.

One such prostitute was Joseph Kokou Koffigoh who joined the military regime of President Gnassingbe Eyadema as Togo's prime minister in 1992. *New African* (January 1993) wrote that "the opposition thinks Koffigoh has sold out the gains of the Togo National Conference by not carrying out its decisions and by allowing President Eyadema to return to power" (p. 19).

In Gambia, when Captain Yahya Jammeh overthrew the democratically elected government of Sir Dawda Jawara on July 24, 1994, the only minister from the Jawara administration enticed to serve the military regime was the finance minister, Bakary Darbo, a very well respected economist—even in international circles. He was instrumental in getting the World Bank to resume aid to The Gambia. On October 10, 1994, he was fired by the military junta as he was no longer useful to them. Then on November 15, he was accused of complicity in the November 11 abortive coup attempt. He fled to neighboring Senegal with his family.

Next to assume the finance ministry portfolio was Ousman Koro Ceesay. When he too became no longer useful to the military junta, "'they smashed his head with a baseball bat,' said Captain Ebou Jallow, the number-two man in the ruling council who defected to the United States on 15 October" (*The Washington Times*, October 20, 1995; A15).

Time and time again, despite repeated warnings, highly "educated" African intellectuals throw caution and common sense to the wind and fiercely jostle one another for the chance to hop into bed with military brutes. The allure of a luxury car, a diplomatic or ministerial post, and a government mansion often proves too irresistible. Nigeria's Senator Arthur Nzeribe once declared that General Babangida was good enough to rule Nigeria. When pressed, he confessed: "I was promised prime ministerial appointment. There is no living politician as hungry for power as I was. Who would not be seduced in the manner I was to invest in the ABN [Assocation for Better Nigeria] with the possibility and promise of being Executive Prime Minister to a military president" (*The Guardian,* November 13, 1998; 3).

So hordes of politicians, lecturers, professionals, lawyers, and doctors sold themselves off into prostitution and voluntary bondage to serve the dictates of military vagabonds with half their intelligence. And time and time again, after being raped, abused, and defiled, they are tossed out like rubbish—or worse. Yet more intellectual prostitutes stampede to take their places. And they wouldn't even hesitate to sell off their own. In Kenya, pro-government scholars supported the arrest of several of their peers who attempted to unionize in 1994. Said one prominent professor, who fled into exile: "We suffered as much from some of our colleagues as we did from the Special Branch, the secret police" (*The Chronicle of Higher Education* January 23, 1998; B9).

Another expendable intellectual prostitute was Abass Bundu of Sierra Leone—the former secretary-general of ECOWAS (Economic Community of West African States)—though his fate was less horrible. When he was appointed by the twenty-nine-year-old illiterate Captain Valentine Strasser to be Sierra Leone's foreign minister in early 1995, he left home to grab the post in a cloud of dust. In August 1995, he was tossed into a garbage bin in a radio announcement. He claimed in a Voice of America radio interview that "he never applied to join the junta" (*African News Weekly*, September 8, 1995; 12).

"We just discovered that he's an opportunist and one cannot trust such people. So we kicked him out," said spokesman of the Strasser's National Provisional Ruling Council. "When we appointed Abass Bundu through a radio announcement, he didn't complain but when we fired him though another radio announcement, he wants to make noise" he added (*The African Observer*, August 8–21, 1995; 5).

Then there was Paul Kamara of Sierra Leone—a fearless crusader for human rights and ardent advocate of democracy. He published and edited the widely respected *For Di People*, whose circulation exceeded 30,000 copies a week. In January 1996, he joined the military government of Brigadier-General Maada Bio—a decision that by his own admission, "disappointed many people" (*New African*, May 1996; 14). On election night, February 26, 1996, five men dressed in military fatigues with guns waited for him at his newspaper offices. When he left his office and got into his official four-wheel-drive car, the soldiers chased him and opened fire.

"We've got the bastard at last," one of them shouted. But luckily, the "bastard" escaped death and was flown to London for treatment. But his troubles did not end there. On August 20, 1999, he was assaulted by three Revolutionary United Front (RUF) commanders following an article alleging laziness and corruption by RUF commanders based in Freetown. "An ECOMOG officer declined to intervene while the attack took place" (*Index on Censorship*, November/December 1999; 249).

Then there was the case of Phillips David Sesay, with various academic degrees including a doctorate in philosophy. He was the head of Sierra Leone's chancery in Washington. For three years, he was not paid; yet he remained at the post. In 1996, he left his wife and son in Washington and returned to Sierra Leone in a hurry to accept promotion as acting chief protocol at the Ministry of Foreign Affairs by the country's ruling military regime. That the former protocol at the ministry had worked with the junta for only four days and had fled the country did not bother Sesay, who took that post. Following a coup on May 23, 1997, Sesay fled the country. "When his plane landed in New York on December 20, 1997, Sesay's diplomatic passport with a multiple-entry permit to the U.S. was found to be insufficient. His visa was canceled at the behest of the State Department and he was placed in detention by the Immigration and Naturalization Service" (*Washington Post*, January 2, 1998; A30).

In Burkina Faso, Clement Oumarou Ouedraogo was not so lucky. He was the number-two man in the barbarous military dictatorship of Blaise Compaore. He resigned and launched his own Burkina Labor Party. On December 9, 1992, he was killed "when unidentified attackers threw a grenade into his car as he was returning from a meeting of the opposition Coalition of Democratic Forces" (*West Africa*, December 16–22, 1991; 2116).

Most of the African countries that imploded in the postcolonial period were all ruined by the military: Algeria, Burundi, Egypt, Ethiopia, Liberia, Libya, Rwanda, Sierra Leone, Somalia, Sudan, Tunisia, Uganda, and Zaire, among others. [Recall Iron Law No. 3]. In country after country in Africa, where military rule was entrenched, educational institutions (of the tertiary level—universities, and colleges) all decayed—starved of funds by the military. Although the official excuse is always lack of funds, the military predators always find the funds to purchase shiny new pieces of bazookas for their thugs. But the real reason? "It is not in the best interest of these military governments to educate their people," says Wale Deyemi, a doctoral student at the University of Lagos. "They do not want people to be able to challenge them" (*Washington Post*, October 6, 1995; A30).

In Nigeria, the sciences were hardest hit. Science teachers were vanishing with such alarming frequency that Professor Peter Okebukola, the president of the National Science Teachers Association of Nigeria, lamented at the association's thirty-sixth annual conference at Maiduguri that "good science teachers are increasingly becoming an endangered species" (*African News Weekly*, October 13, 1995; 17).

In spite of all this evidence, some African intellectuals and scholars still vociferously defended military regimes while their own institutions—the very places where they teach or obtained their education—deteriorated right under their very noses. One would have thought that these professors and intellectuals would protect their own institutions, just as the soldiers jealously protect their barracks and keep them in top shape. But no! For a pittance, these intellectuals were willing to help and supervise the destruction of their very own university system.

In neighboring Niger, when Lieutenant-Colonel Ibrahim Bare Mainassara seized power in the January 1996 coup, overthrowing the civilian regime of President Mahamane Ousmane, the first civilian to join the new military regime as prime minister was Boukary

Adji, who was deputy governor at the Central Bank of West African States in Dakar (*The Washington Times*, February 1, 1996; A14). Do Africa's intellectuals learn?

There are universities and thousands of university professors in Africa—in Angola, Ghana, Kenya, Nigeria and many other African countries. Were they saying that they saw none of the rot going on and, if they did, then why were they so quiet?

In Nigeria, Baba Gana Kingibe, a career diplomat, was the vice-presidential candidate of Moshood K. O. Abiola in the June 12, 1993, presidential elections. Abiola won the election fair and square, but the result was annulled by the military government of General Ibrahim Babangida. Baba Kingibe then accepted the post of foreign minister from that same military regime. He did not raise a whiff of protest or resign when his running mate, Abiola, was thrown into jail. Neither did Chief Tony Anenih, the chairman of the defunct Social Democratic Party, on whose ticket Abiola contested the June 12 election.

In fact, Chief Anenih was part of a five-man delegation, sent by General Abacha to the United States in October 1995 to "educate and seek the support of Nigerians abroad about the transition program." At an October 22, 1995, forum organized by the Schiller Institute in Washington, "Chief Anenih and Colonel (rtd) Emeka O. Ojukwu took turns ripping apart the reputation of Abiola. Anenih took pains to discredit Chief Abiola, whom he said was being presented by the Western media as the victimized president-elect. Some of the Nigerians in the audience denounced the delegation as 'paid stooges' of Abacha" (*African News Weekly*, November 3, 1995; 3). Such "educated" Africans were utterly bereft of principles.

More pathetic was the case of Alex Ibru, the publisher of The Guardian group of newspapers in Lagos who became the internal affairs minister in the military regime of General Sani Abacha. On August 14, 1994, his own newspaper was raided and shut down by the same military government under which he was serving. He did not protest or resign. After six months as interior minister, he too was tossed aside. In October 1995, his two newspapers, shut down by the military government for more than a year, were allowed to reopen after Ibru apologized to the authorities for any offensive reports they may have carried. Then on February 2, 1996, unidentified gunmen in a deep blue Peugeot 504 trailed him and sprayed his car with machine-gun fire. The editor-in-chief, Femi Kusa, said that the car was bullet-ridden and Ibru was injured. He too was flown to Britain for treatment. The assassins were later apprehended but guess what happened to them:

> FORMER Chief of Army Staff Lt-Gen. Ishaya Bamaiyi and former Lagos State Police Commissioner James Danbaba were arraigned before an Ikeja chief magistrate's court with conspiracy in 1996 to murder The Guardian publisher Mr. Alex Uruemu Ibru. They faced a two-count charge, along with three other persons, of conspiracy and attempting on February 2, 1996, to murder Mr. Ibru. Others charged with him are former Zamfara State Administrator, Col. Jubril Bala Yakubu (rtd); Chief Security Officer to the former Head of State, Major Hamza Al-Mustapha and Chief Superintendent of Police Mohammed Rabo-Lawal. Both Al-Mustapha and Rabo-Lawal have already been arraigned for the 1996 murder of Alhaja Kudirat Abiola. (*Guardian News*, November 24, 1999)

After the annulment of Nigeria's June 12, 1993 elections, General Babangida was eased aside by the military top brass and Ernest Shonekan became the eighty-nine-day interim civilian president until he too was removed by the military despot, General Sani Abacha. On September 19, 1993, Shonekan accompanied Nigeria's foreign minister, Tom Ikimi, to London to deliver a "confidential message" to British Prime Minister John Major. Nigeria's military junta told Westminster that it would pardon the forty convicted coup plotters if the British would help with rescheduling Nigeria's $35 billion debt, and support its transition program to democratic rule, its bid for a permanent seat on the UN Security Council, and its attempt to gain US recognition of its effort to fight drug trafficking. Is your head aching? Read on.

First of all, how could Ernest Shonekan act as an emissary for the same barbarous military regime that overthrew him? Not only that, but he accepted an appointment from Abacha to a committee of experts to plan for "Vision 2010"—a crass program. The irony of the program was not apparent to Ernest Shonekan. After years of disastrous governance, Nigeria's military came up with a program called "Vision 2010." Second, who thought that thirty-five years after "independence" from British colonial rule, Nigeria's government would be holding its own citizens as hostages, demanding ransom from the former colonial power? It did not occur to any of the "educated" emissaries that their mission sank the concept of "independence from colonial rule" to new depths of depravity. Mercifully, Britain refused to capitulate to these terroristic demands.

Dr. Tom Ikimi was the activist, who, in 1989, formed the Liberal Convention party to campaign for democracy in Nigeria. In June 1989, he launched a branch in the United Kingdom, where he made glorious speeches about participatory democracy and denouncing military regimes. In 1994, he became Nigeria's foreign minister under the military dictatorship of General Sani Abacha. He even appeared on *The MacNeil/Lehrer NewsHour,* on August 3, 1995, and strenuously defended Nigerian military government's record on democratization, calling General Abacha "humane."

Ghanaians would point to a swarm of intellectual prostitutes who sold out to join the military regime of Flight-Lieutenant Jerry Rawlings: Dr. Kwesi Botchwey, the former minister of finance; Totobi Kwakye, minister of communication, who as a student leader battled the former military head of state, Colonel I. K. Acheampong; Dr. Tony Aidoo, a presidential adviser; Dr. Vincent Assisseh, a press secretary; and Kow Arkaah, the vice-president who was beaten up by President Rawlings in December 1995.

Vile opportunism, unflappable sycophancy, and trenchant collaboration on the part of Africa's intellectuals allowed tyranny to become entrenched in Africa. Doe, Mengistu, Mobutu, and other military buffoons legitimized and perpetuated their rule by buying off and coopting Africa's academics for a pittance. And when they fell out of favor, they were beaten up, tossed aside, or worse. And yet more offered themselves up.

In Liberia, these highly educated individuals scrambled to serve the dictates of the murderous military regime of General Samuel Doe: Senate President Tambakai Jangaba, Justice Minister Jenkins Scott, Information Minister J. Emmanuel Bowier, Deputy Minister of Foreign Affairs Elbert Dunn, Finance Minister Emmanuel Shaw, Deputy Minister of Agriculture Kekura Kpoto. What happened to them?

Most of them, including top banking officials, fled, abandoning their posts in July 1990 during official missions abroad, searching for political asylum. Mr. Kpoto, the deputy minister of agriculture, was discovered in hiding in Bo (Sierra Leone). A few unlucky ones did not make it out of Liberia; they were killed.

Another was Gwanda Chakuamba of Malawi, who was appointed the chairman of the "presidential council" by former Life-President Hastings Banda in 1993. As *The Economist* (November 20, 1993) reported:

Chakuamba was an old Malawi Congress Party (MCP) and ex-minister, who was jailed in 1980 for sedition and released in July 1993. He then flirted briefly with the opposition United Democratic Front, but, while Dr. Banda was in hospital, suddenly emerged as secretary-general of ruling party and acting head of state. (p. 47)

> Chakaumba's move was roundly denounced "as a betrayal to the opposition, who had tirelessly campaigned for his release following local and international pressure on the MCP government's poor human rights record. "Reliable sources reported that whilst he was in prison, Chakuamba was subjected to immersion in water and was chained hand-and-foot for months on end" (*African Business*, December 1993; 29). How could an educated man, whose basic human rights were viciously violated in detention, suddenly decide to join his tormentors?

Paul Tembo was Zambian President Frederick Chiluba's former campaign manager. He headed Mr. Chiluba's re-election campaign in 1996 and spearheaded the bid by Mr. Chiluba to seek an unconstitutional third five-year term in office. A divisive congress of the ruling Movement for Multi-party Democracy (MMD) voted to allow Mr. Chiluba to seek a third term. In May 2001, Mr. Tembo quit President Chiluba's MMD, saying the president had rigged internal polls to prevent him (Mr. Tembo) from becoming vice-president. In June 2001, Mr. Tembo then joined the opposition Forum for Democracy and Development (FDD), in a bid to unseat his former boss. On July 6, 2001, Mr. Tembo was shot dead, execution-style at his home in front of his horrified wife and children. According to Tembo's attorney, "Three killers forced their way into the compound, roughed up Paul, led him to his bed, made him lie on it and then shot him in the back of his head. They made his wife watch" (*The Washington Times*, July 7, 2001; A5). Another bizarre and unresolved case was the 1998 murder of former Finance Minister Ronald Penza, shortly after he was fired by President Chiluba.

In Zimbabwe, one vapid prostitute was Professor Jonathan Moyo, who was partly educated in Southern California and used to teach political science at the University of Zimbabwe. He was a fierce critic of the Mugabe regime, writing newspaper articles that condemned President Mugabe in the strongest terms. The professor sent such scathing comments to the Zimbabwe *Mirror* as, "His [Mugabe's] uncanny propensity to shoot himself in the foot has become a national problem which needs urgent containment. . . . Does the president not realize that when he belittles uni-

versal issues such as basic human rights he loses the moral high ground to his critics?" (May 1999)

Suddenly, within months of writing that article, the same Professor Jonathan Moyo, joined the Mugabe government, describing the opposition as "plagiarists, sell-outs, shameless opportunists and merchants of confusion." He was made the Information Minister. But a former friend, who worked with Professor Moyo at the University of Zimbabwe before he launched his political career, said he was shocked to see Professor Moyo as part of President Mugabe's government: "He was so anti-government in those days. He was the loudest critic. And now here he is as Mugabe's main cheerleader. I just don't understand it." During a chance encounter at a local luxury hotel, the former friend asked, "Are you the same Professor Moyo I used to know?" (*BBC News*, February 28, 2001).

But ahh . . . the sweetness of prostitution. Indeed, from December 27 to January 8, 2003, Professor Moyo checked into the Mercure Hotel in Bedfordview, South Africa, with four children and his wife, Betty. While there, they went on a shopping spree—surrounded by bodyguards—and bought thousands of *rands* worth of food to take home to Zimbabwe, where more than two-thirds of the 12 million population were desperate for something to eat. According to the *Sunday Times*,

> He bought a big-screen TV and a home theatre system. When he ran out of packing space in his luxury vehicles—a Pajero (registration number 752-098X), a Mercedes-Benz car (registration 752-082E) and a bakkie—Moyo filled a trailer (registration HYF 394 GP) with cooking oil, canned food, rice, sugar, mealie meal, polony, macaroni and read.
>
> After Moyo had departed, escorted by bodyguards, the *Sunday Times* went inside room 806 and found five staff cleaning up the mess. The family had been enjoying appetizing holiday takeaways. Bits of uneaten food were lying on the floor. Empty bottles of beer were scattered about and at least four unopened dumpies of Moyo's favorite beer had been left behind. Two trolleys were needed to remove the garbage.
>
> The leader of the opposition Movement for Democratic Change, Morgan Tsvangirai, said he was horrified.
>
> "This man has no shame at all. He goes to South Africa to buy his food while Zimbabweans are struggling to buy salt and bread. Where did he get the foreign currency when we do not have any in Zimbabwe? [President] Robert Mugabe is ordering food from London and Moyo is shopping in South Africa. These people are hypocrites." (January 12, 2003)

During his tenure as information minister, Professor Moyo authored laws that restricted even the most basic political actions, such as handing out campaign materials or knocking on doors. Human rights groups rated Zimbabwe's government as one of the most hostile in the world to press freedoms. He dismissed freedom of expression as "an outmoded concept," shut down most independent newspapers, and banned foreign correspondents from reporting without explicit official approval. He even crafted a law that imposed a two-year prison sentence on any journalist who slipped into the country. His harsh media law led to the arrests of journalists and the shutting of several newspapers, including the *Daily News* and *The Tribune*.

The end of Moyo's career in government came at a ruling party meeting in November 2004 where he backed a candidate for vice president who was not favored by Mugabe. Moyo soon found himself marginalized, and in February 2005 he announced that he would leave the party to run for parliament as an independent candidate, defying a party decision to reserve the Tsholotsho seat for a female candidate. A furious Mugabe promptly fired him as a cabinet minister and expelled him from ZANU–PF, denouncing him as "enemy number one," and gave him forty-eight hours to vacate his government house. Ministry of Local Government Permanent Secretary David Munyoro accordingly wrote to Moyo:

> I regret to advise that you are to vacate the villa with immediate effect. You are aware of the circumstances surrounding your occupation of villa 14262 Gunhill. Handover of the keys to my ministry should be done by/or before 1600 hrs on Sunday 27 February 2005.

But like a political chameleon, he re-invented himself to stand as an independent candidate in his hometown of Tsholotsho. He described the party he served for five years as aging, undemocratic, riven by internal disputes, filled with "deadwood" and likely to fall from power over the next several years.

An angry Mugabe promptly fired back, warning Moyo against breaking with the government, telling him, "The whole machinery of the party will fall on you and you will be demolished." Mugabe claimed that Moyo had plotted a coup in his final days as information minister, meeting with senior military commanders and doing "terrible things." "When Moyo was privately confronted with evidence of his duplicity, the president said, "tears started flowing down his cheeks" (*Washington Post*, March 26, 2005; A8).

Though he won his parliamentary bid, his attacks on ZANU–PF did not cease. In 2007, he described the party as a "dead duck on the shelf, only breathing from evils of state security and the abuse of funds." In a December 2008 interview with Reuters, Moyo denounced ZANU–PF as a "tribal clique" with no respect for democracy. The party was full of geriatrics clinging to power.

But Tsholotsho North was too confining for Moyo's super-sized ego and ambition. Like a frog out of a swamp he needed to get back in. Accordingly, he resorted to the old art of scrofulous prostitution. When Vice President Joseph Msika passed away and was buried on August 19, 2009, Moyo sent a letter to secretary for administration Didymus Mutasa, seeking re-admission into ZANU–PF.

He was readmitted and became minister of higher education. He did not get the vice presidency, rather Joice Mujuru did. When she too fell out of favor with Mugabe in January 2015, the vendetta was swift,

> The family of sacked vice president Joice Mujuru has fled Zimbabwe as a police anti-corruption net closes in. . . . Mujuru's eldest daughter, Nyasha, is reported to have fled to Spain with her husband, Pedro del Campo, who hails from that country.
>
> According to *Now Daily*, Police sources said commissioner-general Augustine Chihuri had appointed Bothwell Mugariri and another senior detective to head a crack team of investigators probing Mujuru's business dealings for evidence of graft.
>
> Among the cases under review is the fate of three tonnes of gold and diamonds valued at $15 million, which del Campo failed to smuggle into Europe on behalf of Mujuru in 2008. (*Bulawayo News*, March 8, 2015)

In the post-Mugabe Zimbabwe society, angry Zimbabweans have vowed that Professor Moyo will not be allowed to teach at any university in Zimbabwe. Like Joice Mujuru, he too should be probed for any evidence of graft and corruption. However, this is not the end of the story of vice presidents who entertain the least hint of succeeding their despotic bosses.

Ghana: In December 1995, Jerry Rawlings of Ghana beat-up his vice president, the late Kow Arkaah.

Malawi: The late and eccentric President Bingu wa Mutharika ditched the party that helped elect him just a year into his five-year mandate. Then he formed his own rival party and went on an anti-corruption crusade targeting his old political cronies, including a former president. His vice president, Cassim Chilumpha, was arrested for purportedly absconding with $1.3 million, then let off when the courts made the curious decision that he couldn't be arrested while in office. So Mr. Mutharika fired him. Mr. Chilumpha shot back by organizing an impeachment campaign.

When the courts saved Mr. Chilumpha a second time, Mr. Mutharika borrowed a page from Zimbabwean President Robert Mugabe's book—not exactly a best-seller on the democracy and good-governance charts—and had the vice president arrested and charged with treason for a purported plot to assassinate the president (*The Washington Times*, July 13, 2006; A15).

Nigeria: In 2006, President Obasanjo accused Vice President Abubakar Atiku of being corrupt. Immediately, the veep shot back, accusing the president of being more corrupt than he was and ordered his loyalists in both houses of the National Assembly to prepare a list of impeachable offenses against his boss (*The Times of Nigeria*, September 7, 2006).

Zambia: In October 2004, the late President Levy Mwanawasa sacked his vice president, Nevers Mumba, for insubordination. Mwanawasa made the surprise announcement at a news conference at State House in the capital, Lusaka, saying Mumba had breached an oath of allegiance when he failed to retract his recent allegations that the Democratic Republic of Congo (DRC) was harboring individuals who were working against the Zambian government. Mwanawasa was forced to apologize to the DRC over the allegations (*IRIN*, October 5, 2004).

Sudan: In Sudan, Vice President John Garang was killed in a mysterious plane crash in 2005. Then in South Sudan, the president, Salva Kiir, and his vice president, Riek Marchar, became locked in a dispute that plunged the newly independent country into bloody civil war—less than three years after independence in 2010.

Perhaps, another iron law may be crafted: he who dines with the devil should expect to be eaten. So shed no tears for intellectual prostitutes. Their days are numbered; if their masters do not eat them, their victims will. There is something called intellectual accountability.

Sycophants, collaborators, and prostitutes often delude themselves into thinking that the partying would never end or, should their country blow, they will always be able escape to enjoy their booty outside their country. But angry Africans have vowed to punish these traitors, sycophants, and leeches.

During the May 11, 1995, *"Kume Preko"* demonstrations in Ghana, the tires of some deputy ministers were deflated. "Escape now," the angry mob seemed to be saying. Kabena Kofi of Tema warned: "I would like to remind Messrs E. T. Mensah, Prof Awoonor, Obed Asamoah, Harry Sawyerr and others, that if the unexpected happens as a result of their sycophancy, they and their families would be the first to bear the anger of Ghanaians" (*Free Press*, April 10–16, 1996; 2). In Nigeria, Zaire, and several African countries, houses and cars of intellectual collaborators were burned.

In Senegal, after President Diouf's ruling Socialist Party "won" a huge majority in parliamentary elections in February 1993, violence broke out amid charges of vote rigging and Babacar Seye, the vice-president of Senegal's Constitutional Council, was killed. *African News Weekly* (June 4, 1993) reported that:

> Seye was found dead in his car, apparently the victim of an ambush . . . investigators said. According to the independent *Sud Quotidien*, a group calling itself the "People's Army" claimed responsibility for Seye's murder, the first political assassination in Senegal's history. . . . "This is a warning for the other judges in the Constitutional Council, so they really respect the people's will," it quoted the anonymous caller as saying. (13). Seye's killer was never found.

In Sierra Leone, a judge condemned sixteen civilians, including five journalists, to death by hanging for collaborating with Sierra Leone's ousted military regime of Captain Paul Koroma. "Justice Edmond Cowan allowed the defendants 21 days to appeal the sentences, which he handed down after attorneys for the condemned made last-ditch appeals for leniency" (*The Washington Times*, August 26, 1998; A13).

Nigerian writer, Adebayo Willams, warned: "Depending on how General Abacha leaves, all those who contributed to the economic and political adversity of the country in the past 20 years must be ready to face some retribution as a way of laying a firm foundation for the future. In the case of those who looted the treasury all efforts must be made to trace and repatriate the ill gotten wealth" (*Tell*, June 1, 1998; 33).

In fact, the secretary for commerce in the defunct Interim National Government, Mrs. Bola Kuforiji Olubi, was forced to apologize to student activists who kept vigil at the Ikeja home of Chief M. K. O. Abiola when he died on July 7, 1998. "She was accosted by the angry students to explain her role in the Interim National Government of Chief Ernest Shonekan. Sensing trouble, she responded by apologizing to all Nigerian students but her apologies were largely unheeded" (*The Vanguard*, July 16, 1998; 5).

Elsewhere in Africa, civic groups and the private press are playing a key role in bringing these scoundrels to book. In August 1994, The Campaign for Democracy, an alliance of fifty-two human rights and political groups, urged the European Union to repatriate the men who annulled Nigeria's 1993 presidential election. Former military president Ibrahim Babangida and his deputy, Augustus Aikhomu, were both believed to be in Europe. "The popular opinion in Nigeria is that these elements must be tried for the untold hardship inflicted on the nation," the group said in a letter to the European Union. "We therefore, with a high sense of responsibility, request their expulsion from Europe where they are currently domiciled" (*African News Weekly*, August 26, 1994; 29).

"Over 80 percent of Rwanda's 700 judges and magistrates, many of them guilty themselves of the genocide, died or fled in the 1994 fighting" (*The Economist*, March 23, 1996; 37). Colonel Theoneste Bagosora of Habyarimana's presidential guard, Marc Rugenera, former minister of finance, and many others fled into exile. The information minister, Eliezer Niyitegeka, who incited Hutus to kill Tutsis, fled to a refugee camp in Goma, Zaire.

But according to the *Washington Post* (February 19, 1995), "Eliezer said in an interview in Zaire that he was so depressed that he was asking France for political asylum" (p. A46). Now he was depressed? At another squalid camp in Bukavu, Zaire, the former president, prime minister, and cabinet ministers were holed up. Some settled in Cameroon, which refused political asylum to several Rwandan Hutu officials accused of having played a significant role in the genocide there in 1994. One of them was Ferdinand Nahimana, former director of the State Information Office and a founder of *Radio Mille Collines*, the Kigali radio station whose inflammatory broadcasts egged on Hutu soldiers and ethnic militia to kill Tutsis.

On April 1, 1996, Cameroon went further, rounding up eleven of the masterminds of the 1994 Rwanda genocide and throwing them into jail. And on June 11, 1998, Mathieu N'Garoupatse, a former Rwandan justice minister suspected of taking part in the 1994 genocide in his country, was arrested and repatriated to Rwanda (*The Washington Times*, June 11, 1998; A17).

Caeser Zvayi was one of President Robert Mugabe's henchmen. He was the editor of the government propaganda mouthpiece, *The Herald*. When Zimbabwe's economy collapsed, he fled to Botswana and

took up a teaching position at Lim Kok Wing University in Gaborone. He was teaching, among other the courses, "Writing for Print" and "News Writing and Reporting 1" in the university's faculty of Communications and Media.

Zvayi, in the past, openly called for the alienation of the opposition and celebrated the violent crackdown on the opposition in Zimbabwe. He was well known for bastardizing the MDC acronym to mean Movement for the Destruction of our Country, sometimes with the ascetic "movement" for "morons." He became the first journalist to be added to the European Union travel restrictions on Zimbabwe. Pro-democracy activists tracked him down and blew his cover to students:

> In August 2008, Botswana booted Caeser Zvayi out of the country.
>
> "If he supports Mugabe he must go back, he can be easily replaced by another lecturer from Zimbabwe with morals. How can anyone support Mugabe when people are suffering? After all, why is he in Botswana if he thinks Mugabe is doing the right thing?" said Kagiso Seloma, an 18-year-old student at the university.
>
> Seloma's sentiments were echoed by Gaborone resident Mary Kokorwe who said "Zimbabweans should stage a demonstration at the university. He should be arrested for promoting hate and Zimbabweans should demonstrate at the university campus, because that should send a message to those who are violating other people's rights in Zimbabwe right now that they will not get away with it." (*Zimbabwe Metro*, July 28, 2008)

Outside Africa, Africans in the diaspora have also vowed to work tirelessly to bring the collaborators to justice and block the granting of political asylum to these "useless idiots." After the Momoh regime was overthrown by Captain Strasser, the vice president, Dr. Abudulai Conteh, fled to Britain. Did he really escape? According to *West Africa* (August 31–September 6, 1992): "Dr. Abudulai Conteh has been deported from Britain, following a failed attempt by his lawyers to convince the UK authorities that Conteh was a genuine refugee. The British High Court judge, Mr. Simon Brown, agreed with the Home Office that Conteh should bear some responsibility for the corruption of the Momoh government which played a major role in bankrupting Sierra Leone. He was deported back to his country" (p. 1496).

US courts now allow foreign victims of atrocities to sue the perpetrators. Ethiopian exiles in the United States have been taking Mengistu's henchmen who fled to the United States to court to claim damages. On January 5, 2005, a major success was achieved when federal agents arrested Kelbessa Negewo, an Ethiopian national, on charges of committing numerous acts of murder and torture in his native country—the first arrest by US authorities of a suspected human rights violator under the recently passed Intelligence Reform Act.

"Today's arrest marks a new chapter in ICE's long-standing efforts to arrest, prosecute and remove human rights violators from the United States," said Department of Homeland Security Assistant Secretary Michael J. Garcia, who heads ICE. "With the expanded authorities under the Intelligence Reform Act, ICE has a powerful new tool to deny these egregious criminals a safe haven in this country" (*The Washington Times*, January 5, 2005; A5).

In New York, Bawol Cabiri, a former Ghanaian diplomat, sued Baffour Assasie-Gyimah. As *African Observer* (April 25–May 8, 1996) wrote: "In a stunning decision, a US judge has ruled that President Rawlings should surrender one of his henchmen to face trial in New York for atrocities he committed against humanity. US Judge Allen G. Schwartz ruled April 18, 1996, that there is overwhelming evidence that Baffour Assasie-Gyimah, who is described in court papers as Deputy Chief of National Security, has committed outrageous human rights abuses and therefore should be brought to the US immediately and tried under the Torture Victim Protection Act and Alien Tort Claim Act (p. 3).

Then there was Elsaphane Ntakirutimana, a Rwandan Hutu priest, who in April 1994 fled to take refuge in Mugonero Hospital and then participated in a daylong attack on April 16 in which hundreds of men, women, and children were killed. After Rwanda blew up, he fled to the United States. But Rwandese exiles in the United States were waiting for him. They fingered him to the FBI and on September 27, 1996, he was arrested in San Antonio, Texas, near the US–Mexico border which he was trying to cross.

The days of Africa's intellectual prostitutes are numbered. Those highly educated Africans, who delude themselves into thinking that they can partake in the plunder of the economy and the repression of the people and then escape to enjoy the loot stashed abroad, should know that judgment day will come.

Appendix One

THE MILITARY SCOURGE IN AFRICA

"I believe the worst form of civilian government is better that the most benevolent military regime."

—Chuba Okadigbo, former chairman of the Foreign Relations Committee of Nigeria's dissolved senate (*The New York Times*, December 2, 1993; A3)

"Every military regime is a fraud. Anybody who heads a military regime subverts the wishes of the people."

—General I. B. Babangida (rtd), former head of the state of Nigeria (*The African Observer*, January 18–31, 1999; 6)

Perhaps no institution in Africa is as discredited as the military. It has frequently intervened in politics and more often than not military regimes have not distinguished themselves as any better than civilian counterparts. There have been over one hundred military dictators in Africa since independence in the 1960s, and there are still military and paramilitary regimes in Chad, Eritrea, Rwanda, and Uganda, among others. In the postcolonial period, the military has been the most destructive force, the scourge of Africa, and the bane of African development.

Military rule and institutions were not common fixtures of traditional Africa. There were generally no standing armies in indigenous Africa, except in the Asante, Dahomey, Zulu, and Muslim states. For the rest of Africa—more than 2,000 tribes—the people were the army. In event of imminent war, the chief would summon young men of certain ages to his residence and lead them into battle. After the cessation of hostilities, the "peoples' army" was disbanded so that it did not act as a drain on the tribal economy (Ayittey 2006).

Standing armies were introduced into Africa by the colonialists to enforce their rule and suppress black African aspirations for freedom. Accordingly, during the colonial era, armies were viewed as agents of imperialism and instruments of oppression. Widespread discriminatory practices also compounded Africans' distrust and abhorrence of the military. For example, although Ghana had a relatively large educated elite in 1957, only about 10 percent of the army officers were native Ghanaians. In the Belgian Congo in 1960, the *Force Publique* had no African officers to lead its 24,000 recruits.

After independence, the nationalist leaders, in their misguided belief that every modern state must have a military to entrench their corrupt personal rule, retained the colonial armies. At first, such African nationalists as Felix Houphouet-Boigny of the Ivory Coast and Julius Nyerere of Tanzania opposed an expansion of the military establishment. Changing circumstances, however, drew and accelerated the involvement of the military in politics.

In the late 1960s and early 1970s, a rash of military coups swept across the continent, sweeping away incompetent and corrupt nationalist leaders. This first batch of coup leaders consisted of professional soldiers who cleaned up house and returned to the barracks. But the second batch of coup leaders that announced their arrival in the 1980s came from the dredges—undisciplined adventurists, uniformed bandits who came to stay: Samuel Doe, Mengistu Haile Mariam, Joseph Momoh, Siad Barre, Juvenal Habryimana and co.—military coconut-heads, as Africans called them.

By the 1990s military rule in Africa had so deteriorated it could be characterized as "rule by uniformed buzzards." Creating chaos and destroying lives across Africa, the soldiers had become the scourge of the region, squandering its resources and severely impeding its development. In fact, they proved to be grossly ignorant of their own basic purpose in society, let alone competent enough to manage the functions of other institutions. They ruined one African economy after another with military discipline and looted state treasuries with brutal efficiency. And worse, they turned

their guns on the very people they were supposed to defend, in Ethiopia, Ghana, Nigeria, Liberia, Somalia, Uganda, Zaire, and other African countries.

Having completely abandoned their traditional functions, they roam Africa like hyenas, inflicting injury on innocent, unarmed civilians and causing wanton destruction. The basic function of the military is to defend the territorial integrity of the nation against external aggression and protect its people. But in Africa, the military is instead at war with its own citizens. Since 1960, there have been more than forty wars in Africa. The military has attempted to discharge its role on only eight occasions involving territorial integrity: Eritrean war of independence (1961–1991); Biafran war of secession (1967–1970); invasion of Uganda by Tanzanian military to oust Idi Amin in 1979; Chad–Libyan war (1983); Ethiopia–Eritrean war (1998–2000); Sudan's civil war (1974–2005); ongoing secessionist bid by Tuareg rebels in Mali and conflict in Casamance region in Senegal. The military goal was accomplished in only three: Biafra, Idi Amin, and Chad–Libya. The vast majority of the wars have been intra-state conflicts—civil wars. Rebel leaders do not seek to redraw colonial boundaries; they want power. They head straight to the capital city where power lies. And can the soldiers successfully fight the rebels?

Many of Africa's soldiers and policemen often cannot even do battle with a disorganized band of armed robbers, much less fight off a well organized brigade of foreign invaders. Said *The New York Times* (December 2, 1993):

> The vast majority of African soldiers have never fired a shot at a soldier of another country. Moreover, in most countries in Africa, border tensions and external threats are nonexistent. Yet in country after country, soldiers seem to be everywhere, patrolling city streets, manning checkpoints, guarding airports. By and large, African forces are deployed only against their own people. (p. A3)

Writing in *West Africa* (May 27–June 2, 1991; 865), Peter Worae expressed a similar view:

It is now the norm in Africa, especially in West Africa, that whenever there are civil disturbances, demonstrations or protests, the soldiers are called in to kill. So much is spent on defense, yet whenever our countries face an external threat, we call in the so-called friendly countries to fight the enemy—not our soldiers.

> After being high-handed on student demonstrations which resulted in some deaths, when dissidents tried to overthrow his government in 1986, President Eyadema called in French and Zairean soldiers to fight the enemy, not the Togolese soldiers. Early last year [1990] when pro-democracy demonstrators went on the streets to demand a multiparty system, President Houphouet-Boigny sent in his soldiers, which resulted in the death of two protesters. In Doe's Liberia, the situation was no better. It was common for soldiers to storm the university, rape women, kill and maim others.
>
> Now President Joseph Momoh is joining in. After his heavy expenditure on defense, we should expect the soldiers to defend the nation against external aggression. It is absurd for the president to call in the so-called friendly countries. He would have sent his own men to take up arms against any pro-democracy or student demonstrators on the streets.

A retired Nigerian army chief, General Hassan Usman Katsina, complained: "The problem with the armed forces today is their lack of dedication to duty and the duty of professionalism. Perhaps no profession is as abused" (cited in *Africa Report*, July–August 1990; 52).

Could they even fight a war? According to Brigadier Benjamin Adekunle, a retired general, "Nigerian soldiers of today are so inexperienced that they are scared of war" (*New African*, July 1989; 58). Indeed, twenty-five years later, little had changed. Sent to battle Islamic insurgents in northeastern Nigeria, the soldiers simply fled when they came face-to-face with the insurgents:

- "No fewer than 300 Nigerian soldiers fled to Cameroon when Boko Haram insurgents overran Mubi, the second largest city in Borno State from security forces on October 30, 2014" (*Sunday Punch*, November 2, 2014).
- "Boko Haram has seized control of a Nigerian town after hundreds of soldiers stationed there reportedly fled across the border to Cameroon, a police source said. . . . 'Boko Haram fighters moved into Ashigashya' overnight on Monday, where they slaughtered three people in front of a church, a Cameroon police source told the AFP news agency on Tuesday on condition of anonymity. . . . Almost 500 Nigerian soldiers fled the Nigerian border towns of Ashigashyia and Kerawa to take refuge from Boko Haram fighters on Cameroonian territory" (*Al-Jazeera*, August 26, 2014).
- "Islamist extremist group Boko Haram seized control of a Nigerian town of Malam Fatori, near the Niger border, after soldiers fled, an official

told the AFP. . . . The fighting killed dozens and wounded about 30 people in the commercial hub known for fishing and farming, the Anfani radio station in Diffa reported. 'The town of Malam Fatori was taken by Boko Haram after violent fighting with the Nigerian army overnight,' said the official in Diffa. . . . According to the official, 315 Nigerian soldiers fled over the border to Diffa. Thirteen who were wounded were treated in a Diffa hospital, while the others have been repatriated" (*Today*, November 10, 2014).

- "No fewer than 480 Nigerian soldiers have fled into Cameroon following fierce fighting with Boko Haram insurgents. The Cameroonian Army Spokesman, Lt Col Didier Badjek, who confirmed this, said the troops had already been disarmed" (C*ameroon Daily*, January 20, 2015).

They are even afraid of ghosts:

> Soldiers on guard duties at the Ghana Broadcasting Corporation no longer guard an observation post behind the TV studios because of a ghost who slaps officers who go on duty there at night. In September 1994, an officer on guard at that sentry came running to the head of security complaining of an invincible hand which had on two occasions pulled his helmet from his head. The senior officer, unmoved by the soldier's story, decided to prove him wrong by manning the post himself. Within an hour, the senior officer fled to the office telling a similar tale, this time the ghost allegedly smacked him four times on the face. (*Ghana Drum*, February 1995; 33)

The security forces can unleash the full force of their fury on unarmed civilians with batons, tear gas, water canons and rubber bullets. Kwesi Pratt Jr., managing editor of the political weekly *The Weekly Insight*, charged:

> Between December 1981 and December 1984, gangs closely associated with the Rawlings regime embarked upon a killing spree. They butchered as many as 246 Ghanaians for the only reason that they dared to differ politically with the self-proclaimed messiah, Flt.-Lte. Jerry John Rawlings. Those who were gruesomely murdered included academics, priests, soldiers, policemen, judges and even independent-minded revolutionary cadres.
>
> I can bear testimony to some of these gruesome murders which took place during my detention at Gondar Barracks in the early days of the Rawlings dictatorship. Soldiers loyal to the dictatorship came to the Recce Guardroom every afternoon and selected their victims, who were told to say their last prayers because they would be taken to Agege Air Force Station at mid-night. Then at mid-night, the soldiers drove armored vehicles to the Guardroom, picked up their victims and drove away. None of these victims has been seen since then. . . . In one instance in June 1983, Warrant Officer Adjei Boadi, then a member of Rawlings' Provincial National Defense Council, ordered that six people who were being held in cells at Border Guards headquarters be released for 'fresh air.' As the six detainees, including Kwame Adjimah, a member of the June 4 Movement, stepped out of the their cells, Warrant Officer Adjei Boadi opened fire with his AK 47 assault rifle and killed them all." (*The African Observer*, July 19–August 1, 1999; 7)

But how really brave are the security forces?

> On 16 December 1998, Corporal C. Darko and Constable K. A. Boateng at a Police Station in Accra, Ghana, were instructed to go and arrest Samuel Quartey, who was reported to police for being involved in a theft case. "When the suspect came out brandishing a cutlass (a machete), the police officers did what most people would have done—took to their heels with the speed of lightning that could have made an enviable record had they been timed." (*The Mirror*, January 2, 1999; 1)

On July 23, 1998, Colonel Anthony Obi, Osun State's military administrator, strutted pompously to deliver a speech at a state function at Osogbo in the southwestern part of Lagos, Nigeria. As the *Daily Champion* (July 24, 1998) reported:

> Panic stricken Nigerian officials ran for safety when first a rat and then a python, apparently drawn by the smell of the rat, made a sudden appearance. The officials leapt up from their seats when the rat, described as having a "long snout and offensive smell," appeared from beneath the carpet by the high table. Colonel Anthony Obi, Osun State's military administrator, and his entourage nervously returned after security agents intervened and killed the beast. (p.1)

In another case, ambushed by a bunch of rag-tag cattle rustlers, Kenya's elite presidential guards quickly surrendered. Johann Wandetto, a reporter for the People Daily, a newspaper in Kitale, Rift Valley province, submitted a story in the March 6,1999, edition with the title: "Militia men rout 8 crack unit officers: Shock as Moi's men surrender meekly." Wandetto was arrested and sentenced to 18 months in prison on what the court described as an "alarmist report" (*Index on Censorship*, March 2000; 99).

Nor can the security forces shoot straight. When civil broke out in the DR Congo in 1997, Chad sent in troops to help the regime of Laurent Kabila stave off rebel attacks. What happened?

> "Congo rebels said 93 Chadian soldiers were killed in an ambush by Kabila government troops who mistook their identities. Chad, one of the nations allied with the Kabila regime, insisted the toll was lower" (*The Wall Street Journal*, November 12, 1998; A1).
>
> When Mali's military base in Tessalit in northern Mali, was surrounded by Tuareg rebels on March 11, 2012, the soldiers all fled (*Washington Post*, March 11, 2012).
>
> And the mother of all security forces? When the African Union (AU) peacekeepers' base on the edge of Haskanita, a small town in southern Darfur, came under sustained rebel assault on September 29, 2007, they fled into the bush. "Ten were killed; at least 40 fled into the bush. The attackers looted the compound before Sudanese troops arrived to rescue the surviving peacekeepers" (*The Economist*, October 11, 2007; 48).

All the cases of mass deaths and horrific slaughter of the African people were committed by dictators—the vast majority of whom were military. Get this: postcolonial African leaders have caused the deaths of more than twenty million Africans since 1960:

- 1 million Nigerians died in the Biafra War (1967),
- 200,000 Ugandans were slaughtered by Idi Amin in 1970s,
- 100,000 were butchered by President Marcias Nguema in Equatorial Guinea in the 1970s,
- Over 400,000 Ethiopians perished under Comrade Mengistu Haile Mariam,
- Over 500,000 Somalis perished under Siad Barre,
- Man-made famines claimed over 2 million between 1980 and 2000,
- Over 2 million have died in the wars of Liberia, Sierra Leone, and Ivory Coast,
- Over 1 million died in Mozambique's civil war,
- 1.5 million in Angola's civil war,
- 800,000 perished in Rwanda's genocide,
- 300,000 in Burundi,
- 4 million have perished in Sudan's civil wars,
- 6 million have died from Congo's wars.

The most horrendous cases of slaughter occurred under military regimes in Burundi, DR Congo, Ethiopia, Liberia, Nigeria, Rwanda, and Sudan.

The rough death total is 19.8 million and this does not include deaths in Chad, Western Sahara, Algeria, and those who perish at refugee camps. There is something maddening about these figures. Historians tell us that the total number of black Africans shipped as slaves to the Americas in the seventeenth and eighteenth centuries was about ten million, and Africa lost another ten million through the trans-Saharan and East African slave trade run by Arabs. This means that, in a space of just sixty years after independence in the 1960s, postcolonial African leaders have slaughtered or caused the deaths of about the same number of Africans as were lost to both the West and East African slave trades. Think about it.

Collapsed States

No dictator—military or civilian—has brought lasting prosperity to any African nation. Instead, military dictators have brought destruction and collapsed states.

- From 1966 to 1999, Nigeria was ruined by a string of military generals—Ibrahim Babangida, Sani Abacha after twenty-nine years of military rule.
- From 1978 to 2009, Mauritania was ruined by a string of military rulers—Colonel Mohamed Khouna Ould Haidallah, Maaouya Ould Sid'Ahmed Taya, and Colonel Ely Mohamed Vall.
- From 1984 to 2010, Guinea was destroyed by the military regimes of Lasana Conte and Moussa Dadis Camara.
- From 1986 to 1993, Lesotho was ruined by the military junta under Major Justin Metsig Lekhaya.
- In 1979, Uganda was destroyed by the military regime of Idi Amin.
- In 1990, Liberia was destroyed by the regime of General Samuel Doe.
- In 1990, Benin was ruined by the military regime of Matthieu Kerekou.
- In 1991, Mali by the regime of General Moussa Traore.
- In 1991, Ethiopia by the military regime of Mengistu Haile Mariam.
- In 1991, Somalia was ruined by the regime of General Siad Barre.
- In 1992, Algeria descended into civil war after the military intervened to annul the presidential elections.
- In 1993, the Central African Republic was destroyed by the military regime of General Andre Kolingba.

- In 1994, Rwanda by the regime of General Juvenal Habryimana.
- In 1995, Burundi by the regime of General Pierre Buyoya.
- In 1996, Zaire by regime of General Mobutu Sese Seko.
- In 1997, Sierra Leone by regime of General Joseph Momoh.
- In 1999, Niger by the regime of General Ibrahim Barre Mainassara.
- In 2000, Ivory Coast by the regime of General Robert Guie.
- In 2005, Togo by the regime of General Gnassingbe Eyadema.
- In 2010, Tunisia by the regime of former army officer Ben Ali.
- In 2010, Egypt by the regime of Hosni Mubarak, a former military officer.
- In 2011, Libya by the regime of Colonel Muamar Khaddafi.
- In 2012, Mali by the military regime of Amadou Sanogo.
- In 2012, Guinea-Bissau by the military regime of Mamadu Kuruma.

Note the frequency of the title "General" above. "Every military regime is a fraud. Anybody who heads a military regime subverts the wishes of the people" said General I. B. Babangida (rtd), former head of state of Nigeria (*The African Observer*, January 18–31, 1999; 6). He should know; he stole $12 billion. Countries still being ruled by military regimes in 2016:

- Chad—by the military regime of Idris Deby,
- Gambia—by the military regime of Yahya Jammeh,
- Sudan—by the military regime of Omar al-Bashir,

African soldiers squander resources and engage in open banditry. According to *The New York Times* (December 2, 1993):

> In Nigeria, as in much of Africa, the security forces are a privileged elite. Soldiers and policemen are often accountable to no one—not to politicians, not to the press, not to the public they say they serve.
>
> They are clothed, comfortably housed and well-fed while the nation's poorest dress in filthy rags and go for days without food. They are issued guns and bullets while farmers often cannot sow their crops because they lack hoes, scythes and even seeds. (p. A3)

The September 1996 issues of Nigeria's news magazines *Tell* and *This Week*, screamed about "How [Military] Administrators Plundered the States." Ike Nwosu, the ex-administrator of Abia State, "spent some 16.875 million naira ($214,000) on himself between March 1995 and March 1996" (*African News Weekly*, October 28–November 3, 1996; 17). A retired army officer, Major Kojo Boakye Djan, even admitted that: "In more than one sense, armies in Africa are a major cause for worry. Literally, in every African country, defense establishment takes the largest share of national resource allocation" (*Akasanoma*, July 31–August 6, 1995; 45). Even the soldiers of traditional (precolonial) Africa were far better, according to Major Boakye Djan: "In their alleged rudimentary forms, precolonial African armies are now acknowledged to have been functionally relevant, both in concept and organization, to the need of the communities that created and sustained them."

"Across much of Africa, a soldier's uniform and gun had long been regarded—and are still seen—as little more than a license to engage in banditry" (Gourevitch 1998, 218). Said Stephen Okoye, "It is becoming increasingly difficult to distinguish between the Nigerian armed forces and the Nigerian armed robber. They both use the same operational tactics, resorting to fear, intimidation, and violence to achieve their objectives" (*African News Weekly*, July 15–21, 1996; 22).

Wole Soyinka (1996) handed the postcolonial soldiers a blistering rebuke: "The military dictatorships of the African continent, parasitic, unproductive, totally devoid of social commitment or vision, are an expression of this exclusionist mentality of a handful; so are those immediately postcolonial monopolies that parade themselves as single-party states. To exclude the sentient plurality of any society from the right of decision in the structuring of their own lives is an attempt to anesthetize, turn comatose, indeed idiotize society, which of course is a supreme irony, since the proven idiots of our postcolonial experience have been, indeed still are, largely to be found among the military dictators" (p. 139).

Prince Oduro of Ghana was equally scathing:

> A critical look at contemporary African military would bring one's eye closer to tears and one's mind nearer to insanity. The caliber of people found in the military is an obloquy to the belated institution. Today, soldiers of most African countries are known as brutes, bullies and buffoons. Soldiers are always supposed to be in the barracks, either training or doing something profitable. But

> in Africa, the case is totally different and appalling. Come to Accra and you will see soldiers moving about, wielding guns, pistols, harassing citizens and causing needless trouble. Go to Lome and you will see them. Go to Burkina Faso. To Lagos. To Kinshasa. O! what a degradation of the military! Ghana has seen varied types of uncouth and undisciplined soldiers. (*Free Press*, August 4–10, 1995; 4)

A simple rule of thumb on African development has emerged: the index of economic well-being of an African country is inversely related to the length of time the military has held political power. The longer it stays in power, the greater the economic devastation. Said *African News Weekly* in its September 1, 1995, editorial: "No military coup in Africa has produced a vibrant economy to replace the bankrupt one it set out to redeem. In almost every case, the army boys have imbibed the ways of the corrupt politicians they pushed out of office and even taken their crookedness to a higher level" (p. 7). The following African countries are in worse shape economically and socially: Angola, Benin, Burkina Faso, Ethiopia, Ghana, Guinea, Guinea Bissau, Liberia, Nigeria, Somalia, Togoland, Uganda, and Zaire. Most of them have been ruined by military coconut-heads. West Africa has the largest collection of them.

Banditry and Looting

Military dictators always cite corruption as a reason for intervening in politics, but how clean and upright are they? In fact, ALL cases of MASSIVE looting and plunder of treasuries have been committed by dictators—mostly military officers. Recall the list in Chapter 7. From the same chapter it may be recalled that the net worth of all forty-three US presidents—from Washington to Obama—amounted to $2.7 billion in 2010 dollars. Evidently, Abacha, Babangida, Bashir, Mubarak and Mobutu *each* stole more than the net worth of all US presidents *combined*! Said W. D. Ansong of Abetifi-Kwahu of Ghana:

> Poverty is rife in Africa because African military despots have raped our economies. Soldiers have no knowledge about the art of government. Soldiers who have ruled countries in Africa have not been able to bring about any meaningful development.
>
> Soldiers only enrich themselves when they seize power. It is now the onerous duty of African civilians to organize themselves and force all soldiers ruling in Africa to hand over power to competent civilians. If they refuse, we must organize boycotts and civil disobedience to free ourselves. We have had enough military rule. (*Free Press*, August 30–September 5, 1996; 2)

Fed up with the military antics, *West Africa* magazine, in its June 20–26, 1994, issue, offered this advice:

Military people belong in the barracks not in the corridors of political power. Since independence, Nigeria has had an obscenely high number of military governments; they cited corruption and waste if taking over from a civilian government and something else if overthrowing another military junta.

Needless to say, the Nigerian populace is fed up. The armed forces cannot claim not to realize this. If a soldier should become bored, he can always go and play ping pong; it is good for keeping fit. (1078)

And how have military regimes performed? Flight-Lieutenant Jerry Rawlings of Ghana offered this assessment of the performance of his own military regime, eight years after seizing power:

> Despite probes, Committees of Enquiry, dismissals and prosecutions of wrongdoers, despite restructuring exercises, new management, the provision of new equipment and capital, many of our organizations, state enterprises and corporations continue to swallow public money and fail to provide the services and goods which we expect of them, and also fail to pay their tax obligations, dividends and other expected revenues. . . . Too many people in these outfits, from management to workforce, still steal, embezzle and cheat. . . . They still do not care about waste, carelessness, inefficiency and lack of maintenance . . . There are innumerable abuses including the misuse of fuel, vehicles and even office stationery. In some public institutions and organizations, management have developed a tendency to spend resources carelessly on frivolous and luxury office and residential furnishing. (*People's Graphic*, January 6, 1990)

Major General Joseph Momoh, ex-head of state of Sierra Leone ousted on April 29, 1992, confessed that he was a failure:

> In his own admission in public, Maj. Gen. Joseph Momoh stated that after 5 years in office, he had achieved nothing. This confession is particularly correct. Under his leadership, Sierra Leone deteriorated immeasurably, but Momoh amassed considerable wealth in real [estate] property and cash, both locally and overseas. This ugly truth about Momoh equally applies to his political acolytes—ministers, party functionaries, heads of parastatals, his close political advisers, some high commissioners and ambassadors, and others too numerous

> to mention. Knowingly and shamelessly, Momoh headed a corrupt regime and, morally weak, was unable to take appropriate action against any of his ministers for corruption. (*West Africa*, May 18–24, 1992; 840)

Military expenditures by developing nations have soared over the past three decades. In its 1990 Report on Human Development, the United Nations Development Program deplored the fact that "arms imports in developing countries skyrocketed from only $1 billion in 1960 to nearly $35 billion in 1987. Three-quarters of the global arms trade involves exports to developing countries. Some of the poorest and least developed countries spend far more on their military than on their education and health" (cited by *The Washington Times*, May 25, 1990; A9). "Developing countries have 8 times more soldiers than physicians and the ratio of soldiers to teachers in some cases is as high as 5 to 1," according to the same UN report.

Indeed, Sammy Kum Buo, director of the UN Center for Peace and Disarmament, lamented back in 1987 that "Africa spends about $12 billion a year on the purchase of arms and the maintenance of the armed forces, an amount which is equal to what Africa was requesting in financial aid over the next 5 years" (*West Africa*, May 11, 1987; 912). Ten years later, this amount had increased: "Excluding South Africa, spending on arms in sub-Saharan Africa totaled nearly $11 billion in 1998, if military assistance and funding of opposition groups and mercenaries are taken into account. This was an annual increase of about 14 percent at a time when the region's economic growth rose by less than 1 percent in real terms" (*The Washington Times*, November 8, 1999; A16).

"According to SIPRI's Trends in World Military Expenditure 2014, Africa once again saw the largest year-on-year increase in military expenditure of any region, at 5.9 per cent, reaching $50.2 billion in 2014. Military spending in Africa has increased by 91 per cent since 2005" (*Africa Defense Web*, April 21, 2015, http://bit.ly/2mTUtgI).

That amount exceeds what Africa spends to import food because it cannot feed itself. It is absurd that a continent that cannot feed itself spent so much on its military and to import weapons. And what benefits at all does Africa derive from these huge military expenditures? Couldn't that money be better spent elsewhere to build road, railways, schools, provide clean water, sanitation, health care, etc. or help Africa feed herself? *The Economist* (November 20, 2014) offered an explanation,

> The reasons for African governments to boost arms spending vary. High commodity prices over the past decade (they are now falling) have filled the coffers of many. Some leaders have been tempted to buy expensive arms to gain prestige. Others are suspected of inflating deals to siphon off money for themselves.

The rising level of military expenditures in Africa has begun to attract wide attention. The World Bank, which characteristically has refrained from political commentaries, expressed alarm: "Military spending has diverted enormous resources from southern Africa's development, and has consumed nearly 50 percent of government expenditures in the countries experiencing the worst destabilization" (World Bank, November 1989, 23). Moreover, *West Africa*, which historically has avoided criticizing African governments, also began to complain:

> During the 1970s, arms importation by African countries grew faster than any other region in the world, doubling between 1970–77. Since the beginning of the 1980s, this trend has tailed off, due as much to the saturation of military inventories, as the continent wide economic crisis. But in most African states, defense still consumes an excessive share of the national budgets, easily outstripping social spending. One million dollars could provide 1,000 classrooms for 30,000 children, and yet it is the cost of a modern tank. The price of a single helicopter is equivalent to the salary of 12,000 schoolteachers. The policy choice of more tanks means less classrooms, with inevitable consequences for economic growth and social development . . . .
>
> Theoretically, an efficient military institution is an investment. It ensures stability and maintains the stability necessary for economic growth. But all too often in the African setting they are part of the problem. African armies modeled on the Western example, as opposed to Frelimo in Mozambique and the NRA in Uganda, are not productive; they simply consume. There is also a very high probability that the tanks and armored cars bought for the defense of the country's frontiers will be used to surround the radio station for the announcement of a military coup, which is statistically likely to be followed by a countercoup. (March 27–April 2, 1989; 508)

Military vandalism has now emerged as the primary and most formidable obstacle to Africa's economic development and transition to democracy. Of the twenty-five countries at the *bottom* of the UNDP

Human Development Index for 2015, all except one are in Africa, and almost all are ruled or have been ruled by military dictators (http://bit.ly/KRMlDh):

163 Rwanda
163 Uganda
166 Benin
167 Sudan
168 Djibouti
169 South Sudan
170 Senegal
171 Afghanistan
172 Côte d'Ivoire
173 Malawi
174 Ethiopia
175 Gambia
176 Congo
177 Liberia
178 Guinea-Bissau
179 Mali
180 Mozambique
181 Sierra Leone
182 Guinea
183 Burkina Faso
184 Burundi
185 Chad
186 Eritrea
187 Central African Republic
188 Niger

Two former Nigerian heads of state have joined those calling for a reevaluation of the role of the military in African governance. Retired General Olusegun Abasanjo urged cuts in soaring military expenditures to facilitate economic development (*African Letter*, April 1–15, 1990; 6). General Yakubu Gowon, in a lecture at the Oxford and Cambridge Club entitled "Charting Nigeria's Path to Democracy in this Decade and Beyond," charged:

> Nigeria's problems started shortly after independence because the army allowed itself to be polluted and politicized, hence the incessant coups and countercoups. The military intervention in politics in 1966 started a chain of reaction whose deleterious effects are still relevant in our national life even today, so many years after the ill-advised putsch. . . .
>
> The military should not get itself involved in politics. The sooner they leave the stage the better, or else the people may rise up against them. (*West Africa*, June 11–17, 1990; 993)

These concerns were echoed elsewhere. R. M. Yamson of Legon, Ghana, wrote: "It is high time we learn from our mistakes. We should learn a little from what has happened in Liberia. Africa is fed up with military dictatorships (*West Africa*, October 8–14, 1990; 2604). At a time when militaries are in retreat from politics in many areas of the Third World—from South and Central America to Southeast Asia and the Indian subcontinent—armies in Sub-Saharan Africa continue to pose a danger not just to democracy and civilian population but to themselves.

> The broad complaint many Africans have about this generation of military leaders, young and old, is that they have lost touch with reality. . . . It's not just opposition politicians who declare that the military has lost touch with reality; retired generals, senior government officials, even cabinet ministers say the same. . . . Said David M. Jemibewon, a retired, wealthy Nigerian general: "The ruling cliques have not seized power on behalf of the military as an institution, but from their own selfish point of view, from greed. If anything, they in fact set out to destroy the institution, because if the military is well equipped, they might be a challenge to their power." (*Washington Post,* July 23, 1994; A16)

Other military officers are beginning to acknowledge the deleterious effects of military expansion in Africa. Retired General Abasanjo of Nigeria has been foremost. In a keynote address at a meeting of the Africa Leadership Forum, hosted by the Organization for Economic Cooperation and Development, he remarked:

> While Africa may have ceased to be a pawn in the Cold War, there is the paradoxical and real danger that individual African leaders and small African countries with perceived and real security concerns may feel compelled—or induced—to build up their own military establishments.
>
> I submit that, in the interest of promoting the development of their societies, African leaders must refrain from pursuing—often instinctively—this unproductive path. No matter how many weapons they will be able to accumulate, they will always lose: either to a superior adversary or to the distraction from their real task of development and nation-building. . . .
>
> With the prospects for peace and democracy being firmly established in Africa, it is to be hoped that the African struggle for democracy that is bound to be intensified and radicalized will force undemocratic African regimes to reduce considerably their defense spending and increase the budgetary allocation to the social sector. (West Africa, May 7–13, 1990; 763)

Abasanjo was not alone. In fact, former Nigerian chief of staff Lieutant General Theophilus Yakubu Danjuma was more insistent. In a commencement address at the University of Liberia in March 1990, he accused military governments in Africa of corruption and mismanagement of resources. Danjuma "urged military governments to 'drastically cut defense bud-

gets' and pay more attention to social welfare, health, and education. . . . The internal wars being waged by various African governments against dissident groups do not themselves justify such an arms build-up" (*West Africa*, March 5–11, 1990; 389).

It is admirable and commendable for the military dictators to admit failures, but admissions alone are not enough. If the military cannot solve the problem, which obviously it cannot, it should clear out of government and return to the barracks. After all, an African country does not belong to the military or to one person. Retired Nigerian chief of army staff General Gibson Jallo aptly concluded: "The army has no moral justification to rule this country [Nigeria]" (cited in *Africa Report*, July–August 1990; 52).

As to what to do with the military, some Africans, fed up with military lawlessness, have been calling for the total disbandment of the military once and for all. Costa Rica, for example, has no army and gets along just fine. According to T. Paine, a Ghanaian exile in Los Angeles, "Many Ghanaians are of the opinion that the Armed Forces of Ghana should be phased out by the end of the decade. Such Ghanaians fail to be convinced that we need not only an army but an air force and navy as well" (*West Africa*, June 3–9, 1991; 892). Other Ghanaians have some interesting suggestions:

> Mr. Danso-Boateng suggested: "The numerical strength of the military must be drastically reduced, the army reduced to one regiment, the air force reduced by half, with all their rockets, bullets and jet fighters confiscated by the civilian-president. The navy could be maintained at present strength because ships cannot come onto the land to be used for coups." An even more interesting suggestion came from Wilson Blay: "Lock up all the armories and let the civilian-president keep all the keys." Kwamena Nyanzu called for the disbanding of the entire armed forces. Mr. Thomas Osei insisted that the armed forces should concern themselves with their traditional role of defense and keep off politics. (*West Africa*, November 26–December 2, 1990; 2901)

Perhaps, a better approach is to put the issue to the people in a referendum. Ask the people to vote on the following three options:

- Retain the military as is,
- Restructure and cut the military in half, or
- Disband the military.

If the military has served the African people well, they would vote to retain it, wouldn't they? So who is afraid of a referendum? And there is no such thing as a benevolent military dictator. The only good military dictator is a dead one.

Appendix Two

MORE ON CONSTITUTIONAL REFORM

A constitution is a set of laws—often as a written document—that enumerates and limits the powers and functions of a political entity. These rules together make up, i.e., constitute, what the entity is. It is probably the most serious defect in the state system in a dictatorship because the despot often has his fingerprints all over it. However, after a revolution, only partial reform of the constitution is attempted: reducing the powers of the head of state, his term in office, imposing term limits, enshrining the independence of the legislative, etc. But this partial reform exercise itself can be debauched.

The 1987 Freedom Constitution of the Philippines, crafted after the 1986 People's Revolution, is fifty-nine pages long with 23,016 words.[60] A constitution that long defeats its purpose of simplicity.

Perhaps, it is easy to determine what should not be in a constitution. It should not:

- Be more than twenty pages, maximum;
- Specify how much the head of state should be paid or how many times a week he should shave (what if the president is a woman?);
- Define what an "emergency situation" is and what sort of actions the president should take in such an event;
- Attempt to define rights; for example, the right to a fair trial or to decent housing.

Duties, rights, and obligations evolve and change with time. For example, *freedom of expression* can be exercised in many ways: through art, music, speech, dance, etc. A constitution can only guarantee this freedom without necessarily specifying how that freedom is exercised. Due to technological advances, new forms of expression—such as Facebook and Twitter—are constantly emerging.

A constitution should be regarded as a social contract between the rulers and the governed—in effect, the people give power to the rulers to perform certain duties and functions. Should the rulers fail to fulfill the obligations of the contract, a breach occurs and the people can withdraw that power through impeachment or the ballot box. In this sense, the people are "sovereign," whose interests supersede those of the rulers. Thus, the constitution guarantees the ***freedom*** of the people. The ***more*** power given to the state, the ***less*** freedom the people have. Therefore, the ultimate purpose of a constitution is to limit the powers of the state (government), not shower the head of state with more powers, as is the case with constitutions in most African countries.

It may be recalled that Britain has no written constitution, which means a written one does not have to be an absolute necessity. The US Constitution is among the shortest. The preamble contains only fifty-two words, followed by seven short Articles and ten Amendments called the Bill of Rights (1791). About 20 percent of the US Constitution stipulates things the federal and state governments *shall not do*. Only 10 percent grants positive powers, but the bulk—about 70 percent—seeks to bring the United States and its government under the rule of law. According to Hanke (2004), "It is not a Cartesian construct or formula aimed at social engineering, but something to protect the people from the government. In short, the Constitution was designed to govern the government, not the people" (p. 7).

The US Constitution does not even mention "democracy." Its writers believed that the purpose of government was to secure and protect citizens' rights to life, liberty, and property or happiness. These rights could be infringed by government. Thus, the Bill of Rights establishes rights of the people *against infringement by the state* or government. The only claim citizens have on the state, under the Bill of Rights, is for a trial by jury. The rest of the citizens' rights are *protections against infringement by the state*. The Framers were also skeptical of "democracy," as they believed it could result in an elected tyranny or tyranny of the majority that could infringe upon citizens' rights. Thus, the US government was originally created to be a "republic."

It is not being argued here that developing countries should copy the US Constitution. Every constitution has a cultural and historical imprint—drafted in cognizance of the country's own culture and history. The most lugubrious constitution ever crafted was Ghana's 1992 Constitution, which was trumpeted as "a blend of the US and French Constitutions." It did not realize that the two constitutions conflict with each other. While the French Constitution guarantees certain rights to its citizens, the US Constitution assumes that its citizens already have these rights and seeks to protect them from the state. Further, the US Constitution has founding principles (life, liberty, and happiness) and a purpose: to protect the citizens from the state. A developing country may craft a constitution which may adopt different founding principles such as justice, equality/fairness, or freedom.

More importantly, a constitution should specify the structure of the state or the nature of the political entity. It may be recalled that, politically, a large polity can be organized along three main lines:

- A ***unitary system*** of government, where decision-making is centralized and all decisions are taken in the capital city. This is the European model, where decision-making is centralized in London, Paris, Brussels, Madrid, etc.
- A ***federal system*** of government, the constituent states have some powers but the center retains greater powers—as in the American and Canadian models.
- A ***confederate system*** of government, where the center is weak and the constituent states have more power than the center. This was the characteristic feature of ancient "empires" and Switzerland today, which is a confederation of twenty-three cantons.

The unitary system, bequeathed to Africa by the European colonialists, is unsuitable. Tag on a Western-style multi-party democracy and the result is a dangerous system that is *despot-producing and perpetuates group dominance*. Unfortunately after independence, African nationalist leaders did not dismantle the authoritarian colonialist states but rather expanded their scope. Said Herbert W. Vilakazi, commissioner of the Independent Electoral Commission at the KZN Election Indaba, Durban, on September 17, 2002,

> The prevailing African State, in all African countries, is an implant from the European countries whose colony each African country was. The present post-colonial State in Africa did not grow organically out of the body of Africa: it is an implant on the African body, hence the grotesque features of some, or many, of the elements of the contemporary African State, and of contemporary Political Parties in Africa, which are also implants on the African body: the African body is rejecting many of these elements of the Western State. (www.ifp.org.za)

Minority Groups

The unitary system forces people of different ethnicities and religions into a unity straight-jacket. Ethnicity and religion are potent political forces in the developing world. Save the pontification about individual rights and civic responsibilities for now. *Group rights* are the reality. Writing for *Capitalism Magazine*, Elan Journo, offered this:

> Like so many peoples in the Middle East, Iraqis regard themselves as defined by their membership in some larger group, not by their own ideas and goals. Most Iraqis owe their loyalties—and derive their honor from belonging—to their familial clan, tribe or religious sect, to which the individual is subservient. This deep-seated tribalism is reflected in the parties running in the elections: there is a spectrum ranging from advocates of secular collectivist ideologies (communists and Ba'athists) to those defined by bloodlines (such as Kurds and Turkmens) to members of various religious sects. (http://capitalismmagazine.com/2005/02/bushs-betrayal-of-america-the-iraqi-elections/)

The flaw in the original US Constitution was that it made no explicit mention of "minority groups." At the time it was ratified in 1789, only white propertied males had the right to vote. Many blacks back then were slaves, and women could not vote. It took decades of political agitation, protests, and a civil rights movement to seek these rights through legislative action and constitutional amendments. Americans today will affirm that there is no conflict between protecting individual or citizen's rights and protecting blacks', women's, or other groups' rights.

A constitution for a developing African country must explicitly recognize and seek to protect minority rights against infringement, not just from the government but also from other groups as well. Too often, we have seen pogroms (Tutsis being slaughtered in Rwanda, blacks being enslaved in Sudan), religions being desecrated (churches being bombed and razed), and cultural heritages being destroyed. This lack of protection has led many minority groups to seek auton-

omy over their own affairs or outright rebellion to protect their culture.

Even in the United States, the minority group issue is far from settled. Cultural and group rights are being asserted or invented. The adoption of Western form of majority rule compounds the minority issue since majority rule can ignore minority interests with devastating consequences. Power can be captured by a group to advance its interests and persecute other groups. The following may be attributed to grievances of ethnic and religious minorities:

- The 1967 Biafran War in Nigeria, which claimed over one million lives;
- The 1993 Velvet Divorce of Slovakia from Czechoslovakia;
- The Tamil Tigers secessionist insurgency in the 1980s and 1990s;
- The break up of Yugoslavia in the 1990s;
- The civil war in Sudan, which has claimed over four million lives;
- The 2002–2003 civil war in Ivory Coast;
- The 2008 Georgia war with Russia over separatist regions of Abkhazia and South Ossetia.

Western liberal democracy—together with a unitary system of government—is a dangerous model to export to the developing world where ethnic rivalries and passion are potent. The West won't admit this, but this combo can produce:

- One-man, one-vote, one-time. Those who win the first time will put in place mechanisms and measures to ensure that they "win" all subsequent elections. In Afghanistan, Hamid Karzai and his extended family will dominate Afghan politics for decades to come. In Iraq, it will be Ayad Allawi and Nouri al-Maliki.
- Domination of one ethnic/religious group by another. Nigeria is experimenting with rotation of the presidency between the Muslim north and the Christian south. Southern Sudan voted in a January 9, 2011, referendum to break away from the Muslim north.
- An illiberal democracy (Zakaria 2003).
- Results the West may not like: Algeria in 1991 when the Islamic Salvation Front (FIS) won the parliamentary elections, the results of which were annulled. In 2006, Hamas won the Palestinian parliamentary elections with 74 seats to the ruling Fatah's 45, providing Hamas with a majority of the available 132 available seats. The West found it difficult to accept the result. In November 2009, the presidential election in Afghanistan was blatantly stolen by a corrupt Hamid Karzai. According to Iranian journalist Akbar Ganji, who spent six years in Tehran's Evin Prison on trumped-up charges of endangering national security: "In Iraq, Egypt and Saudi Arabia, the soil is fertile for fostering fundamentalism. If fair elections were held in those countries, fundamentalists would win" (*Washington Post,* October 26, 2007; A21).
- A stalemate or gridlock. In a developing country, a stalemate or gridlock can mean war. Witness Madagascar in 2009 and Ivory Coast in 2010. In Iraq's March 2010 elections, no party won a parliamentary majority and for nine months the politicians were unable to form a coalition government.
- Even then, coalition governments seldom endure and easily fracture.

The West is also experiencing exactly the same problems with the combo. Writing in the *Financial Times* (November 17, 2010), Ken Fisher noted that in Britain, the first hung parliament since 1974 resulted in David Cameron's Conservatives striking a deal with the Liberal Democrats in 2010. Though they both campaigned on austerity cuts, this odd-bedfellow coalition did not survive for long when the Conservatives won a slim majority and the Liberals lost seats in the May 2015 elections.

In Germany, Angela Merkel's centre-right coalition lost upper house control in the May 2010 regional elections. In Japan, Naoto Kan's Democratic Party of Japan lost both its upper house majority and the two-thirds lower house majority. To pass anything, he must negotiate with the opposition Liberal Democrats or smaller minority parties. Australia had its first hung parliament since 1940 and a very weak ruling coalition. Italy's Silvio Berlusconi is losing power with just a thin parliamentary majority and may face early elections. The Netherlands, after many months, finally has a coalition—a weak gridlocked one. In Belgium, coalition talks collapsed months after the election.

Fisher then goes on to argue that gridlock can be good: "Don't fear it, cheer it. Free markets and stocks love do-nothing governments—and these governments are bullish for the world now and in 2011" (*Financial Times*, November 17, 2010). Well, gridlock may be good for the Western world but not for the developing world, where passions run high and a delay in the announcement of election results can spark suspicion of vote manipulation and provoke rioting.

The obvious solution is decentralization of power and the grant of regional autonomy. There is already a movement in Europe in this direction with the Scots, Basques, and Catalonia in Spain. In fact, globally, there is a growing *anti-government* antipathy. Governments have become too intrusive, dysfunctional, saddled with mountains of debt and have lost touch with the people. Said Kofi Annan, former UN Secretary-General: "If the twentieth century taught us anything, it is that large-scale centralized government does not work. It does not work at the national level, and it is less likely to work at the global level" (*The New York Times*, September 13, 2000; A12). Here is a sampling of African views, some of which may be recalled from elsewhere:

- A tribal chief: "Here in Lesotho, we have two problems: rats and the government" (*International Health and Development*, March/April 1989; 30).
- To solve Zaire's economic crisis, Amina Ramadou, a peasant housewife, suggested: "We send three sacks of angry bees to the governor and the president. And some ants which bite. Maybe they eat the government and solve our problems" (*The Wall Street Journal*, September 26, 1991; A14).
- "The government has created a stateless state here in Angola. Each citizen is responsible for his own health and welfare while the government is accountable to no one. The MPLA and UNITA are like two gangs and the people of Angola are innocent bystanders caught in the middle of a drive-by shooting"—Rafael Marques, a journalist, jailed and convicted of defamation for a 1999 article in which he characterized President Jose Eduardo dos Santos as a dictator (*Washington Post*, September 18, 2000; A1).
- "The problem in Africa is precisely that there is no state to speak of. What exists are ramshackle gangs, presided over by political thugs and military adventurists, generals who have never been to war, and rickety old men who lack vision, who simply pretend to be governing, talk less of ruling, a society. In no African social formation has this body, by whatever name it goes, been able to operate as a state"—Nigerian scholar, Julius O. Ihonvbere, in an address at The All-African Students' Conference, University of Guelph, Guelph, Ontario, Canada, May 27, 1994.
- "I heard we have a new government. It makes no difference to me. Here we have no light [electricity], we have no water. There is no road. We have no school. The government does nothing for us"—Simon Agbo, a farmer in Ogbadibo, south of Makurdi, Benue state capital in Nigeria (*The Washington Times*, October 21, 1999; A19).

More and more people seek to break away from centralized control. Even in the United States there are movements to chasten the federal government. The first is the Tea Party movement, which seeks to reduce government spending and the size of the federal government. Then there is Virginia, the bastion of state rights, which is leading a campaign called the "Repeal Amendment." It seeks an amendment to the US Constitution which will allow two-thirds of states to repeal any federal legislation, effectively giving veto power to the states. Already, some eight states have expressed interest in the Repeal Amendment.

It is important to note that the trend toward greater decentralization of power is not new or alien to the people of the developing countries. Recall that, in ancient and medieval times, confederation was the most common form of political organization among different ethnic groups or nationalities. Two or more nations or ethnic groups may voluntarily come together and form a loose political organization to achieve a common goal—most often, mutual defense or blocking a rival group from gaining access to a particular trade route or the sea. The number of nations can vary widely—from six in the Ga Kingdom to larger polities. All the ancient African empires were confederacies. Perhaps, that speaks as to why they lasted for centuries while some modern African states, whose constitutions were based on the unitary state system, barely managed to last thirty years after independence before imploding.

The confederation may choose a capital, often peopled by the dominant tribe, establish a "Council," to which each of the nations may send a deputy to deliberate on policies to achieve the common goal. Besides that, the nations are left to govern and attend to their affairs as they were before the confederation. Obviously, this kind of political arrangement affords the constituent nations the greatest degree of autonomy and independence. As such, a confederation is characterized by decentralization of power and delegation of authority. If any nation or group is dissatisfied, they can pull out of the confederation at any time and many did throughout history, which explains the tendency of confederacies to splinter. But the very looseness of that political arrangement enables it to meet the test of time. Confederacies have

been the most durable of all the larger polities. The collection of dynasties and kingdoms of ancient Egypt lasted for nearly three thousand years. The Ghana Empire, a confederation, lasted for more than eight hundred years. Polities crafted by imperialism or strong centralized rule seldom fared well.

While traditional systems had these checks and balances, the modern systems lacked them. In the traditional systems, power was *decentralized* and authority *delegated*. Rulers were surrounded with councils upon councils to check abuse of power. Without these councils, rulers were impotent. In polities that encompassed different tribes, strong centralized rule was the exception. Confederacies and indirect rule, which gave other groups extensive local autonomy, were the norm. To be sure, kinship cannot be used as a foundation for a modern political state, but there are certain time-tested principles that are still applicable today: decentralization of power, checks and balances, rule of law, and confederacies or federations, to mention a few. Unfortunately, the nationalist heroes and the ruling elites in African countries seldom consulted their own indigenous systems of government.

It may be recalled that Americans rejected the European model and, instead, drew inspiration from the Iroquois confederacy. The concept of confederation recognizes that populations that are ethnically, culturally, or linguistically diverse cannot be expected to thrive under a single, central government.

Fortunately, action is being taken in some developing African countries. On August 4, 2010, Kenyans voted for a new constitution. Among other things, a Senate, an upper house chamber, will be created, as well as County Assemblies to give effect to "grassroots government." Further, there will be devolution of power to the county governments in the implementation of centrally planned projects, budgets, and distribution of resources. In other words, the counties will be allocated so much in resources, but they will be free to spend them as they see fit in their respective counties—but not as autonomous as in a federal system.

Though these limited attempts at decentralization of power must be applauded, it must be remembered that the unitary system of government is still in place in Kenya and even Russia. President Mikhail Gorbachev even tried a more radical approach for the former Soviet Union. Recall this statement of his:

> Our main mistake was acting too late to reform the Communist Party. The party had initiated perestroika, but it soon became a hindrance to our moving forward. The party's top bureaucracy organized the attempted coup in August 1991, which scuttled the reforms.
>
> We also acted too late in reforming the union of the republics, which had come a long way during their common existence. They had become real states, with their own economies and their own elites. We needed to find a way for them to exist as sovereign states within a decentralized democratic union. In a nationwide referendum of March 1991, more than 70 percent of voters supported the idea of a new union of sovereign republics. But the coup attempt that August, which weakened my position as president, made that prospect impossible. By the end of the year, the Soviet Union no longer existed. (Gorbachev 2010, 24)

Timing was important. As Gorbachev himself acknowledged, the reformers acted too late to reform both the Communist Party and the union of sovereign republics. But even then, he was probably the wrong person to introduce such a radical idea. Having labored under communist jackboots for decades, the sovereign republics probably thought they were being "tricked" into another form of domination. Not surprisingly, their collective response was "Nyet!" A confederation of sovereign states was probably best handled by a *constitutional convention*, not by one individual.

Constitutional Convention

After a despot has been toppled, it would probably be best to have an interim or transitional administration for a five-year period to allow passions to subside and cooler heads to prevail. Such an interim administration should serve only one term, with no possibility of re-election. This would enable reforms to be pursued systematically and methodically without bias or jostling for political advantage.

Reforms are required in many areas, not just holding free and fair elections. Institutions must be reformed and strengthened. The despot packed the judiciary, the electoral commission, and other key state institutions with his allies. Then there are the "maggots," who burrowed deep into the state pork, munching away voraciously. Not even bulldozers can excavate or extricate them. All these state institutions need to be "de-wormed."

Then constitutional reform needs to be tackled. A constitutional convention needs to have delegates, not only from political parties and civil society groups but also from ethnic and religious minority groups to hammer out a new political dispensation, as well as a new constitutional configuration that decentralizes

power and regional autonomy. A good constitution begins by assuming that the state is a "predatory monster" and the head of state is a bandit or crook—not a "Messiah" to be worshipped. Thus, the constitution serves to protect the people from them.

The constitutional convention will also have to wrestle with the issue of democracy: whether the Western form (multi-party majority vote), the indigenous form (based on consensus), or a hybrid will be more suitable for their respective societies. The Western form entails campaigning, advertising, influence-peddling, political rallies, etc. This can be extraordinarily expensive and uniquely favors the corrupt incumbent regime with access—both legal and illicit—to state resources. Further, the Western form absorbs resources that a poor country can devote to development. More importantly, in Africa the Western form of multi-party elections always, always result in allegations of fraud, violent protests, arrests, needless deaths and chaos. Consider these few examples;

- Ethiopia, May 2005: over 250 deaths and over a thousand arrests and detentions;
- Kenya, December 2007: over 1,200 killed after the disputed elections;
- Zimbabwe, March 2008: scores killed;
- Ivory Coast, November 2010: over one hundred killed following a stalemate, which produced two presidents, reigniting the threat of civil war.

Moreover, the Western form seldom results in frequent change of regime, as noted above. Dictators do not lose elections. Afghanistan's president, Hamid Karzai, stole the November 2009 presidential election right out from under the noses of occupying NATO forces and UN election monitors. The Western form is not fail-proof. In fact, for all of 2010, multi-party elections in a host of countries (Belarus, Burkina Faso, Burma, Egypt, Ethiopia, Rwanda, Sudan, Tanzania, and Venezuela) did not bring regime change. It resulted in stalemates in Guinea, Iraq, and Ivory Coast (with two presidents). In Iraq, the March 2009 elections produced no clear winner and for nine months the country was without a government.

Is a fraud-prone system that produces so much violence, chaos, and deaths—which by the way does not remove an incumbent dictator—really worth it? The Western form of multi-party can result in a stalemate, where no candidate wins 50 percent of the vote, necessitating an expensive run-off. It may also happen that, in the parliamentary system, a party may not win enough seats to form a government, necessitating a coalition government. The Italian political experience is one of coalition governments that barely hold together for two years in office.

Can an alternative system be tried? If the 153-member World Trade Organization (WTO) can take its decisions by consensus, why can't Zimbabwe or any other developing country? Remember that consensus is already part of the decision-making process in traditional societies. Why force a system which is alien on them to satisfy Western donors?

Consider this alternative: allow members of a group to choose their leaders for a national assembly. Then select the president or head of state from these group leaders—a two-stage election process that cuts down on waste of resources and fraud. Here is an example of devising an alternative system of governing:

To make its difficult but peaceful transition to a multiracial democratic society, South Africa held a Convention for a Democratic South Africa (CODESA) in July 1991. Its 228 delegates were drawn from about twenty-five political parties and various anti-apartheid groups. The de Klerk government made no effort to "control" the composition of CODESA. CODESA strove to reach a "working consensus" on an interim constitution and set a date for the March 1994 elections. It established the composition of an interim or transitional government that would rule until the elections were held. More important, CODESA was "sovereign." Its decisions were binding on all participants, including the de Klerk government.

This model could have been used as a basis of government with the 228 delegates forming a National Assembly, taking its decisions by consensus, with the president of the country chosen from among the delegates or the governors of the regions either by rotation, acclamation, or by vote. Thus, the country would save the resources wasted on multi-party elections and universal suffrage. In fact, the de Klerk government had exactly the same idea in mind.

During the negotiations, de Klerk's government pushed for a two-phase transition with an appointed transitional government with a rotating presidency. The African National Congress (ANC) pushed instead for a transition in a single stage to majority rule. Other sticking points included minority rights, decisions on a unitary or federal state, property rights, and indemnity from prosecution for politically motivated crimes. But besides establishing an interim government and a date for the elections, CODESA could

not reach an agreement on the other sticky issues, including the structure of the state (unitary versus federal). There are several reasons for this failure.

First, Frederick de Klerk probably found himself in an untenable situation as did Mikhail Gorbachev in 1991. The apartheid government had created nominally independent Bantustans of Transkei, Ciskei, Bophuthatswana, and Venda, but they were regarded as artificial geographical creations where blacks, cleansed from the white areas, were dumped. The idea of according them sovereignty did not sit well with the black majority. Second, while de Klerk's idea of a two-phase five-year transition with an appointed transitional government with a rotating presidency was brilliant, there was widespread suspicion it was a trick to entice the black majority into another form of white domination. Third, like Gorbachev in 1991, de Klerk also failed to anticipate and manage opposition from his side to his ideas. Negotiations were nearly scuttled by the following incidents:

- The Boipatong massacre of June 1992 took place, with forty-six residents of Boipatong killed by mainly Zulu hostel dwellers. Mandela accused de Klerk's government of complicity in the attack and withdrew the ANC from the negotiations.
- In September 1992, the ANC program of "rolling mass action" met with tragedy in the Bisho massacre when the army of the nominally independent "homeland" of Ciskei opened fire on protest marchers, killing twenty-eight.
- On April 10, 1993, Chris Hani, leader of the South African Communist Party and a senior ANC leader were assassinated by white right-wingers.
- In June 1993, the right-wing Afrikaner Weerstandsbeweging stormed the World Trade Centre in Kempton Park, breaking through the glass front of the building with an armoured car and briefly taking over the CODESA negotiations chamber.

Fourth, the ANC was in no mood for rule by consensus; it preferred majority rule. And fifth, CODESA attempted to tackle too many sticky issues.

The failure of CODESA to restructure the state led to the retention of the unitary state system and, inevitably, the emergence of its perennial problems: drift toward a de facto one-party statism, political domination by the ANC, the arrogance of power, vapid corruption, insidious attempts to take over and gag the media, among others. These problems led some former members of the ANC to break away and form a new party, the Congress of the People (COPE) in 2008 and Economic Freedom Fighters (EFF) in 2013. This split in the ruling regime was reminiscent of the case of Raila Odinga, who broke from the ruling KANU in Kenya to form the Orange Democratic Movement (ODM) in 2005.

A constitutional convention should restrict itself to the nature of government and the political configuration of the state (unitary, federal, or confederal). Had such a constitutional convention been held, it is likely that Eritrea would still be part of Ethiopia.

Again, such a constitutional convention is best handled by either an interim administration with no possibility of re-election or a "disinterested" group of personalities. "Disinterested" means they have no political ambition and are not interested in politics.

Most importantly, if Africa needs a constitution, it should hold a constitutional convention on the Manden Charter promulgated at Kurukan Fuga. According to UNESCO, the Charter is one of the world's oldest constitutions, predating the US Constitution. Proclaimed in 1236, following a major military victory by the founder of the Mandingo Empire and the assembly of his wise men, the Manden Charter was named after the territory situated above the upper Niger River basin, between present-day Guinea and Mali. The Charter, though mainly in oral form, contains a preamble of seven chapters advocating,

> Social peace in diversity, the inviolability of the human being, education, the integrity of the motherland, food security, the abolition of slavery by razzia (or raid), and freedom of expression and trade. (www.unesco.org/culture/ich/en/lists?RL=00290)

The empire disintegrated when Mahmud Keita IV died around 1610. According to oral tradition, he had three sons who never agreed about succession and this sibling rivalry contributed to the end of the Mali Empire. But the words of the Charter and the rituals associated with it are still transmitted orally by griots from father to son in a codified way within the Malinke clans.

To keep the tradition alive, commemorative annual ceremonies of the historic assembly are organized in the village of Kangaba (adjacent to the vast clearing of Kurukan Fuga, which now lies in Mali, close to the Guinean border). The ceremonies are backed by the local and national authorities of Mali and, in particular, the traditional authorities, who see it as a source of law and as promoting a message of love, peace, and

fraternity, which has survived through the ages. The Manden Charter continues to underlie the basis of the values and identity of the populations concerned.

The Charter was transcribed, translated, and republished. It divided the empire into ruling clans (lineages) that were represented at a great assembly called the *Gbara*. There were sixteen clans known as the *Djon-Tan-Nor-Woro* (quiver carriers) responsible for leading and defending the empire. There were also four clans known as the *Mori-Kanda-Lolou* (guardians of the faith) who guided the ruling clans in matters of Islamic law. There were four *nyamakala* clans (people of caste) who had the monopoly on certain trades, which included but was not limited to smelting, woodworking, and tanners. Lastly, there were four clans of *djeli* (masters of speech) who recorded the history of the empire through song and storytelling.

Apparently, there was clan specialization or division of labor—just as we saw about sexual division of labor. Certain tasks such as defending the empire and recording its history were reserved for certain clans. The constitution contained forty-four edicts, divided into four sections relating to Social Organization (edicts 1–30), Property Rights (edicts 31–36), Environmental Protection (edicts 37–39) and Personal Responsibilities (edicts 40–44). The constitution also required women to be represented at all levels of government (edict 16).[61] The Charter also guaranteed and upheld, among others, the following edicts.

- **Edict 5:** Everybody has a right to life and to the preservation of its physical integrity. Accordingly, any attempt to deprive one's fellow being of life is punished with death.
- **Edict 6:** To win the battle of prosperity, the general system of supervision has been established in order to fight against laziness and idleness.
- **Edict 7:** It has been established among the Mandenkas, the *sanankunya* (joking relationship) and the *tanamannyonya* (blood pact). Consequently any contention that occurs among these groups should not degenerate, the respect for one another being the rule. Between brothers-in-law and sisters-in-law, between grandparents and grand-children tolerance should be the principle.
- **Edict 8:** The Keita family is nominated reigning family upon the empire.
- **Edict 9:** The children's education behooves the entire society. The paternal authority in consequence falls to everyone.
- **Edict 14:** Do never offend women, our mothers.
- **Edict 15:** Never beat a married woman before her husband has tried to correct the problem.
- **Edict 16:** Women, apart from their everyday occupations, should be associated with all our managements.
- **Edict 20:** Do not ill treat the slaves. We are the master of the slave but not the bag he carries.
- **Edict 22:** Vanity is the sign of weakness and humility the sign of greatness.
- **Edict 23:** Never betray one another. Respect your word of honor.
- **Edict 24:** In Manden, do not maltreat the foreigners.
- **Edict 28:** A young man can marry at age 20.
- **Edict 29:** The dowry is fixed at three cows: one for the girl, two for the father and mother.
- **Edict 30:** In Mande, divorce is tolerated for one of the following reasons: the impotence of the husband, the madness of one of the spouses, the husband's incapability of assuming the obligations due to the marriage. The divorce should occur out of the village.
- **Edict 31:** We should help those who are in need.
- **Edict 32:** There are five ways to acquire property: buying, donation, exchange, work and inheriting. Any other form without convincing testimony is doubtful.
- **Edict 38:** Before setting fire to the bush, don't look down at the ground, raise your head in the direction of the top of the trees to see whether they bear fruits or flowers.
- **Edict 40:** Respect kinship, marriage, and the neighborhood.
- **Edict 41:** You can kill the enemy, but not humiliate him.
- **Edict 42:** In big assemblies, be satisfied with your lawful representatives.
- **Edict 44:** All those who will transgress these rules will be punished. Everyone is bound to make effective their implementation.
  (http://mandinkatalinwo.blogspot.com/2012/01/charter-of-ancient-manden-empire-what.html)

It is noteworthy that the Charter affirmed the equality of women, freedom of expression, freedom of trade, and frowned upon laziness and idleness. From Edict 9 may be traced the African saying, "It takes a village to raise a child." The laws were binding on all, including the ruler (the rule of law). In those earlier times, the most common type of political configuration was the confederation of clans, which could constitute

a state. The Ga Kingdom in Ghana, for example, is a confederation of six extended families.

Edict 7 instituted the *sanankunya* (a type of cousinage or joking relationship that is a longstanding West African social tradition) as a civic duty. It was a cleverly designed way of allowing Malians to criticize or joke about their differences without being offended. For example, if one were acting as a complete idiot, the insult would probably be more tolerant if mocked by a "cousin" than a total stranger. "Cousinage" was also applied to the rulers in the great tradition of freedom of expression. More broadly, this unique Malian cultural custom—"cousinage"—provided the basis for understanding among the ethnic groups and a sense of confidence in their common nationhood while defying African interethnic stereotypes.

In particular, it forbade wronging foreigners. Africa has always been hospitable to foreigners. Africa's traditional system of governance has always been open and inclusive, which helped achieve stability. The Mali/Madinke Empire was a confederacy—like all other ancient African empires—and lasted for four hundred years. (The Ghana Empire also lasted for eight hundred years).

Stability, to a large extent, owed its origin primarily to the design and operation of the indigenous political system in which anybody—including slaves—could participate in the decision-making process, the essence of which was achieving consensus. Note that dictatorship and consensus building can never be compatible.

There was representation of slaves, the freeborn, and the nobility at the royal court in most African states. There was even foreign representation. The kings and chiefs of Angola and Asante, for example, allowed European merchants to send their representatives to their courts. No one was "locked out" of the decision-making process, to use modern phraseology.

"The Dutch dispatched an embassy to the *Asantehene's* court as early as 1701" (Boahen 1986, 58). In Angola, King Alfonso allowed the Portuguese merchants to send their spokesman, Dom Rodrigo, to his court. Europeans could even be selected chiefs. For example, in 1873, Zulu king Cetshwayo made an English hunter/trader, John Dunn, chief of an isifunda, or district. "Dunn, not content to hover on the periphery of Zulu society, became fully integrated into the social system. He married 48 Zulu women, accumulated a large following of clients, and even rose to the rank of isikhulu" (Ballard 1988, 55). Also, the case of Englishman Jimmy Moxon may be cited, who in 1968 became the *odikro* (ruler) of Anyasi at Aburi in Ghana. In fact, foreigners can be chiefs and there are white chiefs in Ghana and Nigeria.

An African white chief

Africans should be proud of and celebrate this constitutional heritage. First, the framers of that constitution may have been backward and illiterate, but they displayed astonishing sophistication in regard to the rights of women, environmental protection, and even compassion. Evidently, African women were liberated centuries before their Western counterparts. BBC characterized the Manden Charter as Africa's own Magna Carta (http://bbc.in/1gpkG0s).

Their political entity—structured on the confederacy principle and decision-making by consensus—lasted for four hundred years. By contrast, modern African leaders, who sport a string of PhDs, have not come up with a constitution that would last even fifty years after independence. Why did the primitive empire built on the confederacy principle last for centuries whereas the modern state built on the unitary state system barely lasted for fifty years after independence? Did their ancestors know something about governance that modern African leaders do not know? It would take a great deal of humiliity on the part of Africa's ruling elites to answer those questions.

The peasants could afford to make a white man chief, not because they were in awe of white people, but because in their system, real power lay with the people. They could remove bad chiefs at any time; they would not have to wait any specified number of years.

This author has always decried the foolish aping of foreign systems and paraphernalia to impose upon the African people after independence in the 1960s. In Chapter 4, we argued that there was nothing wrong with Africa's own indigenous economic system. All that the leadership had to do was to go back and build upon the native traditions of free markets, free enterprise, and free trade. But they never did this on the economic front; nor on the political and constitutional front.

In Mali, this betrayal was most perfidious. Instead of decentralized governance—as in a confederacy—the ruling elites established a highly centralized government in Bamako, the capital. The one-party state system was adopted as well as collectivist agriculture

under the banner of socialism. And get this: the one who supervised the destruction and desecration of Mali's heritage was the country's first president, Modibo Keita. He was honored by a number of local griots (a semi-endogamous group of professional bards) in celebratory songs in which the political leader was depicted as the direct descendent of Sunjata Keita, the founder of the Mali empire. The Keita government progressively lost its popularity among various strata of the population. An alliance between the dissatisfied segments of the Malian population—the peasants, the merchants, and the army—led to the success of the military coup d'état of 1968 that ousted Keita. But then the next "rat"—Moussa Traoe—came to do the same thing: he reintroduced the socialist one-party state system and collectivist agriculture, among others, until he too was chased out in 1991.

The lesson in all this can be gleaned from this African proverb: "He who does not know where he came from, does not know where he is going." Africa is lost because its ruling elites do not know where they came from, and they refuse to learn. May that never be said of you.

Appendix Three

THE UNSUSTAINABILITY OF RWANDA'S ECONOMIC MIRACLE[62]

Spectacular Economic Achievement

Emerging out of the horrific 1994 genocide, Rwanda's economy has made a stupendous recovery. People are generally living healthier and wealthier lives. The World Economic Forum (2016) provided this snapshot of Rwanda's economy in January 2017:

> One of the fastest growing economies in Central Africa, Rwanda notched up GDP growth of around 8% per year between 2001 and 2014.
>
> The IMF expects the economy to slow down this year [2017] and pick up in 2018, forecasting around 6% growth in 2018 compared with 6.9% last year. The IMF said Rwanda's growth in 2015 was driven by construction, services, agriculture and manufacturing, but mining exports have slowed.

Rwanda reduced the percentage of people living below the poverty line from 57 percent in 2005 to 45 percent in 2010. Despite this, 63 percent of the population still lives in extreme poverty, defined by the World Bank as less than $1.25 a day. Nonetheless, Rwanda is one of the few African countries that was able to meet most of the Millennium Development Goals (MDGs) (Ayittey, 2015). World Bank (2016) provided additional details:

> Strong economic growth was accompanied by substantial improvements in living standards, evidenced by a two-thirds drop in child mortality and the attainment of near-universal primary school enrolment. A strong focus on homegrown policies and initiatives contributed to a significant improvement in access to services and in human development indicators. The poverty rate dropped further from 44% in 2011 to 39% in 2014 while inequality measured by the Gini coefficient reduced from 0.49 in 2011 to 0.45 in 2014.

Life expectancy, literacy, primary school enrollment, and spending on healthcare have all improved. Rwanda has also made big strides towards gender equality—almost 64 percent of parliamentarians are women, compared to 22 percent worldwide—which has enabled women in the country to make economic advances. Women are now able to own land and girls can inherit from their parents.

Rwanda's long-term development goals were defined in a government-enunciated strategy entitled "Vision 2020," which seeks to transform the country from a low-income agriculture-based economy to a knowledge-based, service-oriented economy with a middle-income country status by 2020. According to the World Bank (2016),

> In order to achieve these long-term development goals, the Government of Rwanda has formulated a medium-term strategy. The second Economic Development and Poverty Reduction Strategy (EDPRS 2) outlines an overarching goal of growth acceleration and poverty reduction through four thematic areas: economic transformation, rural development, productivity and youth employment, and accountable governance. The EDPRS 2 aims to achieve the following goals by 2018: raise gross domestic product (GDP) per capita to $1,000; have less than 30% of the population below the poverty line; and have less than 9% of the population living in extreme poverty.
>
> These goals build on remarkable development successes over the last decade which include high growth, rapid poverty reduction and, since 2005, reduced inequality. Between 2001 and 2015, real GDP growth averaged about 8% per annum. Recovering from the 2012 aid shortfall, the economy grew 7% in 2014 and 7.5% in 2015, up from 4.7% in 2013.[63]

However, the World Bank (2016) is skeptical if Vision 2020 is attainable. It wrote: "Currently around 83% of Rwanda's population of 10.5 million live in rural areas and more than 70% of the population still work in subsistence farming. But the government, led by President Paul Kagame, wants to . . . transform Rwanda from a low-income agriculture-based economy to a knowledge-based, service-oriented economy with a middle-income status by 2020." It would be a

Herculean task to seek to accomplish this feat within four years.

The United Nations Conference on Trade and Development (UNCTAD) was even more blunt. Andrew Mold, acting director of the UN Economic Commission for Africa, quoted UNCTAD as saying, "Rwanda will still be least developed by 2025."[64] An earlier report by UNDP (2011) found that the number of Rwandans living in poverty increased from 4.8 million to 5.4 million. Inequality also increased: the Gini coefficient increased from 0.47 to 0.49 in 2011 [although this decreased to 0.45 in 2014].

Unsustainability of Rwanda's Economic Miracle

Like all economies, Rwanda also faces its share of problems. With remarkable forthrightness, the government admitted that the economy faced some challenges,

> The economy of Rwanda is currently characterized by internal (budget deficit) and external (Balance of Payments) macroeconomic disequilibria, alongside low savings and investment rates and high unemployment and underemployment. In addition, Rwanda's exports, composed mainly of tea, coffee and minerals – whose prices are subject to fluctuations on the international market – have not been able to cover imports needs. (*Republic*, 2012; p.10)

To avoid bankruptcy, Rwanda requested "an 18-month standby credit facility (SCF) arrangement with access to about US$204 million (SDR 144.18 million) or 90 percent of Rwanda's quota and to extend Rwanda's policy support instrument (PSI)-supported program through end-2017 (IMF Press Release No. 16/270). This was approved by the board on June 8, 2016. Half was disbursed upon approval of the SCF arrangement, and with completion of the first review of the SCF arrangement another US$48.65 million (SDR 36.045 million) would become available for disbursement. The remaining financing would be considered in two subsequent reviews in 2017.[65]

To be sure, countries borrow from the IMF to overcome temporary economic adversity. However, the problems in Rwanda go much deeper and should not be brushed off perfunctorily because they undermine Rwanda's impressive achievement. There are five major concerns.[66]

Foreign Aid Dependency

Foreign aid to Rwanda increased significantly when the country began rebuilding itself after the genocide. A large chunk of government revenues—30–40 percent of the budget—still comes from aid. The World Bank (2016) asserts that Rwanda's economy is vulnerable to fluctuations in foreign aid. Indeed growth fell to 4.7 percent in 2013 after some donors withheld aid over allegations in a 2012 UN report that the government was backing M23 rebels in the Democratic Republic of Congo. The World Bank (2015) is skeptical whether Rwanda can maintain high growth rates without foreign aid:

> Rwanda's economic resilience will not be achieved without keeping high investment rates. However, the current investment model (high public investment funded by aid) is not likely to be sustainable; given capacity constraints to maintain high public investment and possible decline in aid relative to GDP in the medium-term. Finding alternative sources of development financing is a key determinant of future growth. Development of the financial sector is critical to mobilize both domestic and foreign saving for financing development.

Western aid to Rwanda has been driven largely out of guilt for failing to do anything to stop the 1994 genocide. That neglect can be explained by two factors. The first was the aftermath of "Operation Restore Hope"—a UN humanitarian mission to Somalia led by the United States, which in December 1992 deployed 25,000 troops. The objective was to secure trade routes so that food could reach the people. However, something went terribly wrong. A firefight erupted between US Rangers and the warlord, Mohamed Aidid, and his followers on October 3, 1993. Eighteen Rangers were killed and the body of one dragged through the streets of Mogadishu.[67] On October 7, President Clinton withdrew US troops from Somalia. The United Nations followed suit a year later. Having been burned in Somalia, there was virtually no Western appetite for another misadventure in Africa when Rwanda imploded in April 1994.

The second was the reluctance on the part of US officials to call the Rwanda genocide what it was—genocide—for fear that it would have automatically triggered a US response, as required by treaties and diplomatic conventions, in particular the 1948 Genocide Convention.[68] Thus, when the Tutsi minority in Rwanda was being slaughtered, the horrific event was not called genocide in the United States. In fact, Clin-

ton himself admitted, "The international community . . . must bear its share of responsibility. . . . We did not act quickly enough after the killing began. . . . We did not immediately call these crimes by their rightful name, genocide. Never again must we be shy in the face of the evidence."[69]

Feeling sorry for the negligence and to make amends, Clinton and former UK Prime Minister Tony Blair became strong advocates and raised money for Rwanda. On a trip to Rwanda on April 6, 1998, Clinton apologized to genocide survivors on behalf of the United States for not coming to their aid.[70] Speaking to *CNBC Meets'* Tania Bryer, he admitted that if the United States had gone into Rwanda sooner following the start of the 1994 genocide, at least a third or roughly 300,000 lives could have been saved. He explained that the failure of his administration to act was one of the reasons behind the establishment of the Clinton Foundation. "It had an enduring impact on me," Clinton said (*CNBC Meets*, March 13, 2013, http://www.cnbc.com/id/100546207).

Perhaps it can be argued that President Paul Kagame has overused and overexploited this contrition to commit his own grotesque spate of human rights violations, knowing full well that the West lacks the moral authority to criticize him.

Unsuitable Economic Model

"We want to learn a lot from Singapore that has been very successful, that has turned a lot of challenges historically into a lot of opportunities," Kagame told National Public Radio's correspondent, Frank Langfitt, on September 16, 2012.[71] As mentioned previously, while Rwanda has done well economically, the Asian Tiger Model—development under authoritarianism—is not one that African countries should emulate. This model has not and never will be successful in postcolonial Africa. No dictator has brought lasting prosperity to any African country because the situations of the two continents are vastly different.

The economic model that Rwanda and other African countries need to copy can be found in Africa itself—in Botswana. As discussed in Chapter 4, it is black Africa's best-kept secret with an average economic rate of growth above 7 percent since the 1980s. A combination of factors has contributed to its success. Foremost has been the absence of civil war and political strife in its postcolonial history. Second, Botswana enjoys political stability as a parliamentary democracy. Third, the government has pursued prudent economic policies, allowing pragmatism, rather than emotional rhetoric, to prevail. It did not squander export windfall from diamonds like Nigeria did of its oil boom. Fourth, Botswana has a lively free press and freedom of expression.

Botswana can find solutions to its economic problems because it permits free debate and freedom of expression. By contrast, much of black Africa is mired in intellectual darkness and economic quagmire, for want of ideas and solutions to extricate itself. Intellectual repression prevents those with ideas from coming forward, even though Article 9 of the African Union's Charter of Human and Peoples' Rights guarantees freedom of expression. Fifth, Botswana did not ignore its indigenous roots. It built upon its native system of kgotlas, whereby chiefs and councilors meet "under a tree" to reach a consensus on important matters (Colclough & McCarthy, 1980).

The Lack of Democracy Quotient

The nexus between democracy and development is rather tenuous. The Asian experience suggests that democracy is not necessary to produce an economic miracle. However, Africa's postcolonial experience suggests ineluctably that democracy is vital to sustain it.

During the Cold War, the World Bank, the IMF, and Western donors seldom paid much attention to democracy, focusing only on economic liberalization. It was argued that this was the route the Western countries took—the Industrial Revolution preceded the franchise. If only the leaders in the Third World could tune their economies right, it would unleash powerful forces of change. As people grew richer, a middle-class would emerge that would demand greater say in how to spend their money and how their country was run, which would force political change. This however did not happen in Africa and many parts of the Third World, including China, where dictators learned new tricks to beat back the democratic challenge; for example, yanking access to social media at will whenever it suited them.

To be sure, economic liberalization can indeed produce prosperity, but all successful economic liberalization under dictatorships eventually hit a political ceiling. This stage is often reached or triggered by a crisis: falling GDP growth rates, increasing unemployment, declining copper prices in Chile in the late 1980s, falling cocoa prices in the case of Ivory Coast in the late 1990s, the Asian financial crisis in the case of Indonesia in 1998, among others. Investors or people

who lose money during these crises demand explanations or accountability. When the leadership is "sanguine" enough to flee or open up the political space and address the grievances of the people, the economic prosperity continues without any political tumult. That is, open politics serves as a safety valve that lets off steam. Such was the case in Chile under Augusto Pinochet in the 1980s.

In Africa, however, many of the countries the World Bank restructured into "economic success stories" eventually hit the "political ceiling" but began to unravel when the leadership adamantly refused to open up the political space or introduce democratic reform: Cameroon, Ivory Coast, Ghana, The Gambia, Kenya, Madagascar, Nigeria, Tanzania, Zaire, and Zimbabwe. In 1994, for example, the World Bank declared Zimbabwe an "economic success story," but the refusal of the regime of Robert Mugabe to allow democratic governance and accept defeat on a constitutional referendum plunged the country into political turmoil in March 2000 and economic collapse from which it has not yet recovered.

It is to the credit of President Paul Kagame that Rwanda exists at all. Outstanding economic achievements have been made but intellectual and political freedoms are seriously lacking. For example, freedom of expression and of thought—the most critical first step in the sequence—are light-years away in Rwanda

Although Article 34 of Rwanda's constitution stipulates that "freedom of the press and freedom of information are recognized and guaranteed by the state," President Paul Kagame brooks no dissent; critics are labeled as enemies and targeted for assassination. In 2013, contract killers were offered $1 million to assassinate two of his most hated enemies.[72] The most-wanted, Patrick Karegeya, was brutally strangled to death in a Johannesburg hotel room on December 31, 2013. His killer or killers remain at large. Another target has been Kagame's former army chief, General Faustin Kayumba Nyamwasa, who has been the target of a series of attacks and murder plots, which—according to the South African government and other sources—were orchestrated by Rwandan government agents.

Furthermore, the democratic experiment in Rwanda has been farcical. Since 1994, Kagame has won two presidential elections in 2003 and 2010 with more than 90 percent of the vote. On August 25, 2003, Rwanda held sham elections in which President Paul Kagame won 95 percent of the vote.

This farce was repeated in 2010. When Victoire Ingabire returned to Rwanda after six years in exile to form the Unified Democratic Forces (UDF), a coalition of opposition parties, she was immediately arrested and charged with terrorism and endangering the security of the state. She is serving an eight-year jail term. Four high-profile dissidents, who formed the Rwanda National Congress in 2010, suffered a similar fate.

The organization's goal was "to bring political change to Rwanda." Kagame denounced its leaders as "terrorists" and cancelled their Rwandan passports. In early 2011, they were tried in a military court in absentia and sentenced to twenty to twenty-four years of prison on charges of destabilizing public order, endangering state security and fueling ethnic division. Kagame made little secret of his desire to see the RNC leaders dead. "Maybe he deserves it," Mr. Kagame told an interviewer in 2012 when asked about the attempted murder of Gen. Nyamwasa. His propaganda newspaper, the *New Times*, said the RNC leaders should suffer the same fate as Osama bin Laden.[73]

Some of Rwanda's benefactors are expressing strong misgivings:

> The U.S. State Department has already warned the Kagame government that it must not "silence dissidents." It has expressed "deep concern" over Mr. Kagame's public threats against critics and the apparent "politically motivated attacks" on them.
>
> In Britain, police warned two dissidents in 2011 that the Rwandan government "poses an imminent threat to your life." In Sweden, a Rwandan diplomat was expelled in 2012 for "espionage" against Rwandan refugees, and authorities protected an exiled Rwandan newspaper editor who feared for his life. Despite Rwandan officials' denials, the South African government has concluded that the country's diplomats have been involved in murder and attempted murder. In 2010, it recalled its ambassador from Rwanda to protest an attack on a dissident in Johannesburg. And in March (2014), after the latest attack, it expelled four Rwandan diplomats and accused them of "direct links" to the Karegeya assassination and other attempted murders and "organized criminal networks."[74]

The Sequence of Reform

As was argued elsewhere in this text, reform is required in many areas to move from a controlled dictatorship to a free society. These reforms are intellectual, constitutional, and political, among others. They are not to be undertaken haphazardly but in order. In repair-

ing a broken down vehicle, one replaces a dead battery before installing a brand-new radio. Similarly, the ideal sequence and reforming a society is to begin with intellectual reform—freedom of speech, of thought, of the media, of association. This would then be followed by political, constitutional, and economic reforms. It was argued that beginning with economic reforms puts the cart before the horse.

Rwanda has done spectacularly well with economic reforms but there are no intellectual nor political freedoms. Such a scenario is dangerously ominous.

Miscellaneous Factors

The behavior of Kagame in the Great Lakes Region has been reprehensible, obliterating any residual sympathy accruing from the 1994 genocide. First he has sponsored three Tutsi-led invasions into DR Congo. The first was in 1997 that was led by the late Laurent-Désiré Kabila to remove the late Mobutu Sese Seko from power. Then in 1998 an invasion was held to remove Kabila from power. Then in 2003 he sponsored M23 Tutsi rebels to remove Joseph Kabila from power. In all, these invasions have claimed the lives of more than 6 million Congolese. Do the lives of 800,000 Tutsis matter more than those of 6 million Congolese?

Second, in April 2001, the United Nations appointed a Panel of Experts to investigate the illegal exploitation of diamonds, coltan, gold, and other resources in the DR Congo. The Report of the Panel accused Rwanda, Uganda, and Zimbabwe and a number of individuals as well as corporations of systematically plundering the mineral resources of the DRC. Rwanda and Uganda, for example, have no known reserves of gold and coltan and yet have been exporting significant quantities of them (UN, 2001; Montague, 2002).[75] The plunder of these mineral resources had fueled conflict in the Great Lakes Region, and in response, the US Congress passed the Dodd–Frank Act of 2010 that includes a section dealing with such "conflict" minerals and preventing anyone from profiting from them. It is difficult for Rwanda to bring *genocidaires* (those who took part in the genocide) to justice when it violates the laws of DR Congo with impunity.

Finally, the supreme irony is that to avert another genocide President Kagame is unwittingly recreating the very conditions that led to the 1994 genocide. In order not to raise the specter of genocide, people must not reference their tribal affiliations—Hutu or Tutsi—but must call themselves Rwandans or Rwandese. Any other reference runs afoul of a constitutional injunction. "Divisionism" is broadly defined as "a crime committed by any oral or written expression or any act of division that could generate conflicts among the population or cause disputes." But it is a blunt, nebulous instrument which has been used by the regime to crack down on dissent. Critics are often denounced as being "divisive"—a charge that can attract a jail term. It may be recalled that Victoire Ingabire, a Hutu, languishes in jail on such a charge.

Even more insidious and dangerous, *de facto* apartheid reigns unchecked. Nearly all the institutions in Rwanda are controlled by the RPF, which is Tutsi-dominated. In 2004, Kagame instituted the "Girinka" program called "one cow per one family" to cut extreme poverty and improve health and nutrition in rural areas. The logic was simple: give a poor family a cow and it will have milk to drink and manure with which to fertilize its farm. This program has generally been acclaimed to have been successful in reducing rural poverty. But a closer look at the beneficiaries reveals that they are mostly Tutsi. They are pastoralists, who measure their wealth in cattle; the Hutu are peasant farmers. It is difficult to escape the view that the main beneficiaries of Rwanda's economic miracle have been Tutsi, the minority ethnic group—a situation where one form of tribal apartheid by Hutu has been replaced by another type of tribal apartheid by the Tutsi, which is clearly untenable. Even more ominously, political events in Burundi do not bode well for Rwanda.

Events in Rwanda should not be analyzed in isolation from those of its sister country, Burundi. In April 2015, Burundi's President Pierre Nkurunziza, a Hutu, held a shambolic constitutional referendum to allow a run for a third term. It may be recalled that in ungainly steps toward its first multiparty elections, Burundi's Hutu civilian president, Meldior Ndadaye, was killed within three months after being sworn in as president in 1993. His death triggered a horrific tribal massacre that claimed over 100,000 lives and sent more than 500,000 refugees streaming into Rwanda, Tanzania, and Zaire. His death also provoked Hutu extremists in Rwanda to act.

The late Nelson Mandela, former president of South Africa, helped broker a peace deal that created a transitional government headed by Pierre Nkurunziza in 2005. At the end of the transition in 2010, his party National Council for the Defense of Democracy–Forces for the Defense of Democracy (CNDD-FDD) won the elections, and he stayed on as president on June 2010. With elections looming in July 2015, Nkurunziza argued that he was entitled to a second term

because the first five years when he served as head of the transitional government (2005–2010) did not count as a first term since he had not stood for an election. Violent protests ensued which were brutally squashed. Naturally, the referendum "approved" a third term and he won the presidential election in July 2015. However, sustained violent protests left more than four hundred people dead and over five hundred thousand sought refuge in Rwanda and neighboring countries. Although divisions did not fall strictly along ethnic lines, the vast majority of the refugees were Tutsi—too reminiscent of the 1994 genocide.

Rwanda's relations with Burundi have deteriorated dramatically. On March 6, 2017, Burundi boycotted the opening ceremony of the East African Legislative Assembly (EALA) in Kigali, Rwanda's capital. Five lawmakers from Burundi's ruling party, CNDD-FDD failed to attend, claiming "they feared for their security."[76]

Kagame's second seven-year term expired in August 2017. The constitution debars him from a third term but a constitutional referendum in December 2015 allowed him to do so anyway—again, too eerily similar to Burundi's experience. And this is what the World Bank (2016) wrote:

> Rwanda has maintained political stability since 1994. The last parliamentary elections held in September 2013 saw 64% of the seats taken by female candidates, and the Rwandan Patriotic Front maintain absolute majority in the Chamber of Deputies. President Paul Kagame is serving his second and last term, and presidential elections are due in 2017. However, in December 2015, the Rwandan constitution was amended and allows the president to run for a third seven-year term in 2017. Kagame has since confirmed he will stand for re-election.

As we complained earlier, the international community may think it is helping Rwanda when it is in fact aiding and abetting another implosion. Faced with violent attacks in South Africa and repression at home, Rwandan dissidents see little hope for peaceful change through the ballot box, where Kagame "wins" more than 90 percent of the vote of all elections.

> Some of the RNC leaders have hinted that an armed revolt or coup, led by the Rwandan army, might be the only way to depose him. It would be "self-defense," they argue. "If you imprison people and force them into exile, the anger could end up in war again," Gen. Nyamwasa says.[77]

The prospect of an armed revolt is unsettling and frightening. But it may well be inevitable if all the avenues for peaceful change are blocked by Kagame. That eventuality would cause not only unnecessary loss of lives but also of the economic gains that have painstakingly been achieved, as well as the wastage of all that Western aid that went to underwrite it. As was pointed out above, economic liberalization without a democracy quotient is a recipe for implosion.

Endnotes

Chapter 1

[1] Beside macroeconomic disequilibria, there have been other chinks in Rwanda's armor. Serious allegations of poor planning have been leveled in connection with a $35 million biofuel project that was abandoned (*East African*, Dec 12, 2017: https://tinyurl.com/ybxls7go). Kagame sacked his minister of Health, Dr Agnès Binagwaho, whose five-year tenure was riddled with scandals. Under her watch, a resurgence of malaria was blamed on government procurement of three million substandard mosquito nets which cost the country more than $15 million in 2013 (*East African*, July 12, 2016: https://tinyurl.com/y79av378). And Kagame himself is alleged to have amassed a $500 million personal fortune (*Great Lakes Post*, December 6, 2015. Web posted: http://glpost.com/paul-kagame-net-worth-500-million/).

[2] There have also been allegations of falsification of data. "Rwandan authorities manipulated the latest official statistics on poverty to make it look like it was going down, while much of the source data suggested it was actually on the increase. Poverty 'actually rose by six percent,' according to information obtained by France 24 and Belgian University Professor Filip Reyntjens" (France24, Nov 2, 2015, http://www.france24.com/en/20151102-rwanda-accused-manipulating-poverty-statistics).

[3] *Morning Edition*, http://www.npr.org/2012/09/17/161222794/rwandan-economy-makes-unlikely-climb-in-rank

[4] This author read the incredulous report. After the April 1994 genocide, it would have been too embarrassing for the World Bank to have the report remain in circulation. So it was quietly and hurriedly recalled from circulation, redacted, sanitized, and rereleased in May 1994. A telltale sign of this skullduggery is the fact that the date on the official World Bank document is handwritten with a felt pen, which may be seen at this site http://documents.worldbank.org/curated/en/711471468765285964/pdf/multi0page.pdf.

[5] World Bank, http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=RW

[6] See http://africanarguments.org/2014/08/26/why-saying-seven-out-of-ten-fastest-growing-economies-are-in-africa-carries-no-real-meaning-by-morten-jerve.

Chapter 3

[7] In economic jargon, minimum prices set *above* the equilibrium (free market) price create excess supplies (surpluses).

[8] In economic jargon, maximum prices set *below* the equilibrium (free market) price create excess demands (or shortages).

[9] In January 2017, only seventeen out of fifty-five countries were democratic—Benin, Botswana, Cape Verde Islands, Gambia, Ghana, Kenya, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Sao Tome & Principe, Senegal, Seychelles Islands, South Africa, Tanzania, and Zambia.

[10] The Latin expression translates as: Because an event B follows another event A, then B was caused by A. The "refrigerator fallacy" states that because university professors, for example, have refrigerators, you must be a professor if you own one. Or, as a bizarre twist, to become a university professor, all one has to do is to acquire a refrigerator. We will further explore this issue in connection with functional illiteracy shortly.

[11] https://www.premiumtimesng.com/news/headlines/171918-obasanjo-rubbishes-national-assembly-says-assembly-thieves-looters.html

[12] FAO, chapter 7, *Women and Developing Agriculture*, Women in Agriculture Series, No. 4, Rome, 1985.

[13] *Finance and Development*, 26: 2, (June 1986), p. 6. The terms of trade is the ratio of a country's export prices to import prices; it measures the purchasing power of its exports in terms of the imports they can buy.

[14] Dr. Tedla was arrested on December 19, 1979, and charged with "antirevolutionary activities." In early 1980, he was released and immediately began preparations for his escape. On July 4, 1980, he made a fourteen-day cross-desert journey to the Sudan and subsequently journeyed to the United States.

[15] Would the Nigerian government recognize the folly of controlling the price of gasoline and shelling out billions in subsidies?

Chapter 4

[16] This chapter draws extensively from my earlier books (1998 and 2006), which may be consulted for more in-depth discussions.

[17] A family temporarily leaving the village may place their land in the custody of the chief to be reclaimed upon return. The chief may allocate such land to strangers or newcomers to the village upon the presentation of a token gift such as a bottle of schnapps (gin). Such newcomers or individuals can use the land as they see fit, provided it is not abused.

[18] In times past, cigarettes were sold in Africa in small round tin cans, which, when empty, were used by traders as standard measures for their produce.

[19] "Famine Returns to Ethiopia, A Land of Relative Plenty In Drought-Stricken Areas, Subsistence Farmers Hit Hard" (*Washington Post*, February 6, 2003; A32).

Chapter 5

20 There was a political motive for paying peasant farmers low prices. Most African governments derived their political support from urban elites: workers, students, etc. African governments pursued a "cheap food" policy to ensure continued political support from this constituency. But this policy was economically stupid. As we have had the occasion to remark, price controls do not make food "cheap." Instead, they make food expensive by creating shortages. This is true of any commodity whose price is controlled.

21 This author will never forget a memorable experience of booking a flight from Accra to Lagos on Nov. 9, 2005, less than a month after the Belleview crash. Never have I come across a travel agent as intrepid as the one I dealt with in Ghana. I wanted to go to Lagos very early in the morning and return to Accra later in the evening. Here is the conversation that took place between me and Pat, the travel agent.

"In that case, you will have to go with Belleview; they leave very early in the morning from Accra at about 7:00 a.m. and return very late at night," Pat said.

"Hein? Belleview? Didn't their plane crash recently?" I asked.

"Yes, but only one of their planes fell down and they have not found the cause yet. Besides, all planes fall down from the sky; even the bigger ones fall down too," she assured me.

"Thanks, but no thanks. Please book me on Virgin Nigeria," I requested.

"OK, but Virgin Nigeria hasn't fallen down yet. Who knows; their turn too might come," she added.

Some travel agent! Talk about a sensitive and reassuring travel agent giving you all the information about air travel, including planes falling down!

22 Nigeria has been ruled by the military for twenty-seven years out of its thirty-five years of sovereign existence.

23 Other questionable expenditure items included a $2.92 million for a documentary film on Nigeria, $18.30 million for the purchase of TV/video equipment for the presidency, $23.98 million for staff welfare, Dodan Barracks, Aso Rock, and a $500,000 gift to Ghana.

Chapter 6

24 The Special Drawing Right (SDR) was created by the IMF in 1969 as an international reserve asset to supplement the existing reserves of member countries. Under the Bretton Woods fixed exchange rate system, the international supply of two key reserve assets—gold and the US dollar—proved inadequate for supporting the expansion of world trade and financial development that was taking place. Therefore, the international community decided to create a new international reserve asset under the auspices of the IMF. However, only a few years later, the Bretton Woods system collapsed and the major currencies shifted to a floating exchange rate regime, lessening the need for SDRs. Today, the SDR has only limited use as a reserve asset, and its main function is to serve as the unit of account of the IMF and some other international organizations. The SDR is neither a currency, nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. The value of the SDR was initially defined as equivalent to 0.888671 grams of fine gold—which, at the time, was also equivalent to one US dollar. After the collapse of the Bretton Woods system in 1973, however, the SDR was redefined as a basket of currencies, today consisting of the euro, Japanese yen, pound sterling, and US dollar. It is calculated as the sum of specific amounts of the four currencies valued in US dollars, on the basis of exchange rates quoted at noon each day in the London market. (Culled from the IMF website: www.imf.org/external/np/exr/facts/sdr.htm.)

Chapter 7

25 He fled to Britain after the December 31, 1983, coup by Major-General Muhammadu Buhari. On July 5, 1984, the Buhari regime unsuccessfully attempted to kidnap Dikko and bring him back to Nigeria to face justice. He was seized at gunpoint in London, drugged, and bundled into a crate for shipment back to Nigeria. His wife alerted London police, who intercepted the crate at Heathrow Airport, creating a major diplomatic row between the two countries.

26 The true extent of Mobutu's wealth is unknown. Estimates range from $4 billion to $15 billion. "The low figure was offered in the late 1970s by Mr. Mobutu's former minister, Nguza Karl I Bond. The higher figure comes from exiled Zairean opposition figures based in Switzerland, who say Mr. Mobutu kept part of his wealth in France and Belgium" (*The Washington Times*, January 4, 1997; A8).

27 It is disheartening and shameful when Africa's own ambassadors, who incessantly appeal to the international community for humanitarian aid, themselves exercise no scruples whatsoever in grabbing what they can from the little aid meant for poor, starving peasants. One would have thought that of all people, Rwanda's ambassadors—the very people who appealed for humanitarian aid—would comport themselves in a way that would encourage others to help their country.

28 There is a website dedicated to holding corrupt Nigerian government officials accountable and exposing their horrid corruption scandals: www.saharareporters.com.

29 www.youtube.com/watch?v=ItpEQbhBjeo&list=UUKnyVIW5QvfnsXddsjFKx4A.

30 http://thinkafricapress.com/zimbabwe/diamonds-marange-zanu-pfs-best-friend (accessed July 2014).

31 www.bbc.com/news/world-africa-20305537 (accessed July 2014).

32 In June 2015, the Reserve Bank of Zimbabwe decommissioned what remained of its worthless currency by offering

to swap bank deposits or cash for as little as one US dollar per 35 quadrillion Zimbabwean dollars. Here is what that looks like in digits: $1=Z$35,000,000,000,000,000. "Zimbabwe once removed 12 zeros from its battered currency at the height of hyper-inflation in 2009 when the largest note was the $100trn denomination. Official figures put inflation at 230 million percent but it may have been much higher" (Bulawayo24, June 11, 2015).

33 The same issue of *The Economist* (March 2, 1996) reported the case of Strive Masiyiwa, whose application to operate a cellular network was withheld because of his refusal to pay a bribe. It reported similar stories about "a planned new international airport, the purchase and lease of unsuitable planes for the state-owned Air Zimbabwe and the troubled Zimbabwe Iron and Steel Corporation" (p. 33).

Chapter 8

34 www.youtube.com/watch?v=ItpEQbhB-jeo&list=UUKnyVIW5QyfnsXddsjFKx4A.

35 For a fuller discussion of these functions, see Ayittey 1991, chapter 8.

36 In 2006, the chairman of the EFCC, Ribadu, was suddenly relieved of his duties and sent off to Britain for further studies. His successor, El Rufai, escaped an attempt on his life. Ribadu later acknowledged to Wole Soyinka, that he believed that President Obasanjo, who appointed him (Ribadu), used him against his (Obasanjo's) enemies. (*Pambazuka News*, August 12, 2015).

37 A Nigerian dissident website, nairaland, published a breakdown of their salaries and allowances in December 2014:

- Basic Salary (B.S.) - N2,484,245.50
- Hardship Allowance (50% of B.S.) - N1,242,122.70
- Constituency Allowance (200% of B.S.) - N4,968,509.00
- Newspapers Allowance (50% of B.S.) - N1,242,122.70
- Wardrobe Allowance (25% of B.S.) - N621,061.37
- Recess Allowance (10% of B.S.) - N248,424.55
- Accommodation (200% of B.S.) - N4,968,509.00
- Utilities (30% of B.S.) - N828,081.83
- Domestic Staff (70% of B.S.) - N1,863,184.12
- Entertainment (30% of B.S.) - N828,081.83
- Personal Assistants (25% of B.S.) - N621,061.12
- Vehicle Maintenance Allowance (75% of B.S.) - N1,863,184.12
- Leave Allowance (10% of B.S.) - N248,424.5
- Severance Gratuity (300% of B.S.) - N7,452,736.50
- Car Allowance (400% of B.S.) - N9,936,982.00
- TOTAL MONTHLY SALARY = N29,479,749.00 ($181,974.00)
- TOTAL YEARLY SALARY = N29,479,749.00 x 12 = N353,756,988.00 ($2,183,685.00)
- EXCHANGE RATE: $1 = N162

38 They are Roman Abramovich, Vagit Alekperov, Boris Berezovsky, Olag Deripaska, Mikhail Fridman, Vladimir Gusinsky, Mikhail Khodorkovsky, and Vladimir Potanin.

39 In August 2009, this author and a small group of African experts met with Secretary of State Hillary Clinton to confer on her forthcoming eight-nation tour of Africa. In the course of discussions, she directed this question to me. "So, George, what at all should the US be doing differently in Africa to accelerate development?" In my response, I commended her for her willingness to reach out to even those who might disagree with her to craft a better US Africa policy. Then I said the Obama administration need not re-invent the wheel. "*Radio Free Africa* will do for Africa what *Radio Free Europe* did to the former Soviet Union." Though I gave her an autographed copy of my book, *Africa Unchained*, the Obama administration unfortunately chose to place more emphasis on the war on terrorism.

40 The president, on his own volition and upon receiving the auditor-general's report, may request the resignation of the minister of education.

41 Mazrui, of course, was guilty of the same ethnocentric charges he leveled against Westerners. Islam was not indigenous to Africa. Mazrui devoted several pages to the iniquities of the Western slave trade. "A substantial part of Africa's population was dragged off, kicking and screaming and shipped to the new plantations of the Americas" (p. 100). Curiously, Mazrui never mentioned the atrocities of the East African slave trade that brought suffering or death to at least 2 million black Africans in the nineteenth century. The East African slave trade was largely controlled by Arabs. Mazrui, a Muslim, devoted only one sentence in his entire book to this Arab slave trade (p. 160).

42 A judgment debt case may arise when the government signs a contract with a developer and later abrogates it for whatever reason. The developer may sue the government to recoup expenditures already made on the project. If found at fault, the government may be liable to pay, not just for those expenditures, but also accrued interest and perhaps some penalties.

Chapter 9

43 Hernando de Soto wrote about the informals in his book *The Mystery of Capital* and claimed there is $9 trillion dead capital that can be unleashed in that sector.

44 The informal sector is defined as an area of economic activity that is unregulated and outside the formal sector, which is characterized by organized management practices,

payment of wages, taxes paid, retirement benefits computed, and books or receipts are kept. It is also known as the "parallel economy" but different from the "underground economy" where banned commodities and services are traded, such as narcotics, gambling, prostitution, etc. A "black market" is simply where commodity is traded *above* its legal price. As such, a black market is created when a government imposes a price control on a commodity.

45 In New York, taxes on cigarettes became so exorbitant that some smokers could no longer afford to buy cigarettes by the pack but in singles, called loosies—as in loose cigarettes.

46 His concept was built on poor peasants' own revolving credit scheme. A borrower must belong to a peer group, which vets all loan applications and is held severally liable in case of default. Peer pressure ensures a repayment rate of as high as 85 percent, which normal banks find difficult to match.

47 If the same susu scheme is brought to the West and modernized, it would be called a credit union! By definition, a credit union is a financial institution that lends only to its members. In Bangladesh, the astonishing success of the Grameen Bank, which modernized a similar microcredit, is world acclaimed. Muhammad Yunus, founder and facilitator of the "microcredit movement," provides more than $2 billion in loan money to the "poorest of the poor" in sixty countries. He has shown that even in highly indebted countries, poverty is no excuse for loan default. His repayment rates often hover around 98 percent—a recovery rate that formal commercial banks only dream of.

48 A group of American students decided to put this idea into effect. They traveled to Kigali, Rwanda, and met with a local artisan who makes sandals out of discarded auto rubber tires. The products are then shipped to the United States for sale. Their web address is www.atingaproject.com.

49 The Western way of resolving conflicts involves direct face-to-face negotiations between the combatants and the signing of a peace accord. The traditional African approach involves four parties: the two combatants, an arbiter (usually the chief), and civil society (anyone directly or indirectly affected by the conflict or dispute). The latter inclusion is based on the African aphorism that it takes a village to raise a child. Similarly, it takes a village to resolve a conflict.

50 This price, which is low, obviously depends upon the type of fish.

51 This leasing scheme is akin to the "work-and-pay" system that was introduced into the taxi business in the late 1970s. A vehicle was given to a driver who was required to "work and pay" for the vehicle. If the vehicle cost $12,000, the owner would ask the driver to work and pay him say, $25,000, after which the vehicle becomes his—the driver's. The driver bears all costs of maintenance, fuel, etc. He determines which routes to ply. The prospect of ownership acts as a powerful incentive for the driver to work hard and finish paying off the $25,000 as quickly as possible. The owner simply collects a certain negotiated monthly amount and may repossess the vehicle if the driver misses three consecutive payments. This scheme was highly successful (profitable) in the 1980s but not nowadays since the number of taxis in Ghana has exploded exponentially. Fortunately, the fishing industry is different. There are few big boats and the number of fish is not fixed as might be the case with the taxi business. In any given day, more taxis compete for the same pool of passengers.

52 With prices prevailing in 2013, this author calculated that an investment of $400,000 in this model would yield $28,566 in profit in the first year, $69,530, $1.5 million, and $2 million in subsequent years.

53 For four days (June 4–8, 2007), the largest collection of African Cheetahs gathered in Arusha, Tanzania, for the TED Global conference. While media focused on the G-8 Summit in Germany and on what the G-8 should do for Africa, a far more momentous conference was being held in Arusha at the same time with over four hundred participants from various African countries. Easily ranked as the most important conference held in Africa in the beginning of this century, the TED Global conference stayed away from the foreign aid model and focused instead on African risk takers, entrepreneurs, and those crafting their own indigenous solutions to Africa's innumerable problems—the Cheetahs. They came from all parts of Africa: Benin, DR Congo, Ethiopia, Ghana, Kenya, Nigeria, South Africa, Tanzania, and Zambia, to name a few.

54 To read more, visit www.sokotext.com. A video of how he got started is available at www.youtube.com/watch?v=V3q1_avedho.

55 The founder is Chris Way and the website is www.atingaproject.com.

56 This author interviewed the CEO, Mr. Albert Osei, in January 2014. Company's website: www.kokoking.com.gh.

57 His full story can be read at www.dw.de/tonyi-senayahs-story/a-17412785.

58 Sources of text: http://sylvafoods.co.zm

59 In July 2014, *Forbes* magazine featured "10 Young African Millionaires to Watch 2014." Ms. Alemu was one of them. https://tinyurl.com/y7bejvg9.

Appendix 3

60 The Constitution of India is the longest written constitution in the world, containing 444 articles, 12 schedules and 94 amendments, with 117,369 words in its English language version, while the United States Constitution is the shortest written constitution. The constitution of the Bolivarian Republic of Venezuela is thought to be the second longest written constitution in the world.

61 The Kingdom of Benin and the Swazi Kingdom also required government ministers to be balanced with female counterparts or advisers. See Ayittey 2006, Chapter 5.

62 This appendix is culled from Ayittey (2017).

63 More positive assessments can also be found in Anisoms (2005) and Crisafulli and Redmond (2012)

64 See *East African*, January 7, 2017.

65 Beside macroeconomic disequilibria, there have been other chinks in Rwanda's armor. Serious allegations of poor planning have been leveled in connection with a $35 million biofuel project that was abandoned (See the *East African*, December 12, 2017. Web: https://tinyurl.com/y98hghkk). Kagame sacked his Minister of Health, Dr Agnès Binagwaho, whose five-year tenure was riddled with scandals. Under her watch, a resurgence of malaria was blamed on government procurement of 3 million substandard mosquito nets which cost the country more than $15 million in 2013 (*East African*, July 12, 2016. Web: https://tinyurl.com/y79av378). And Kagame himself is alleged to have amassed a $500 million personal fortune (*Great Lakes Post* December 6, 2015. Web posted http://glpost.com/paul-kagame-net-worth-500-million/).

66 There have also been allegations of falsification of data. "Rwandan authorities manipulated the latest official statistics on poverty to make it look like it was going down, while much of the source data suggested it was actually on the increase. Poverty 'actually rose by six percent,' according to information obtained by FRANCE 24 and Belgian university Professor Filip Reyntjens," France24 Nov 2, 2015 (Web posted http://www.france24.com/en/20151102-rwanda-accused-manipulating-poverty-statistics).

67 That horrible tragedy was encapsulated in the movie *Black Hawk Down*.

68 Following defeat of Nazism, the Convention on Genocide was the world's first human rights treaty and if the UN was founded with one aim, it was to prevent such calamities. This also explained why US response to the humanitarian crisis in Darfur, Sudan, in 2003 was also tepid.

69 An indictment of President Clinton and US officials is provided by Melvern (2013)

70 Here is the link to his speech posted by the White House: http://www.cbsnews.com/news/text-of-clintons-rwanda-speech/.

71 *Morning Edition* (Web posted http://www.npr.org/2012/09/17/161222794/rwandan-economy-makes-unlikely-climb-in-rank)

72 In a riveting report, reporters of *The Globe & Mail*, Judi Rever and Geoffrey York, described how the assassination plot is hatched in excruciating detail—"Assassination in Africa: Inside the plots to kill Rwanda's dissidents," *The Globe & Mail* (November 5, 2015). They wrote,

> "Rwandan exiles in both South Africa and Belgium gave detailed accounts of being recruited to assassinate critics of President Kagame. Their evidence is the strongest yet to support what human rights groups and Rwandan exiles have suspected for years about the Rwandan government's involvement in attacks or planned attacks on dissidents, not only in South Africa but in Britain, Sweden, Belgium, Uganda, Kenya, and Mozambique."

73 See *The Globe and Mail*, November 5, 2015.

74 Ibid.

75 DR Congo sued Rwanda and Uganda at the International Court of Justice (ICJ) for reparations. In 2005, the Court ordered Uganda to pay damages, reckoning that $6–10 billion would be sufficient (*The Guardian*, December 20, 2005). But Uganda countersued, claiming damage to its embassy in Kinshasa. They were given up to September 2015 to resolve their cases against each other but by December 2015 had not done so.

76 The five legislators from Burundi who were absent were Ms. Emerence Bucumi, Ms. Isabelle Ndahayo, Mr. Jean Marie Muhirwa, Mr. Emmanuel Nengo, and Mr. Leonce Ndarubagiye (*The Citizen*, March 7, 2017).

77 See *The Globe and Mail*, November 5, 2015.

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Dr. Ayittey was selected as one of the "Top 100 Global Thinkers" by *Foreign Policy* and served as an advisor to the Obama administration. He has traveled extensively in Africa, giving speeches in many African countries, and openly shares that the secret to Africa's future can be found within her own people.

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Index

Page numbers like 123t refer to tables

A

Abacha, Sani (Nigeria, de facto President), 260; "Butcher of Abuja," 298; looting of Central Bank of Nigeria, 190–91; patronage by, 38
Abshir, Mohamed, 229
Abubakar, Abdusalam, 234, 298–99, 304–5
Abumbi II (fon of Bafut), 263
abunu system, profit sharing, 65–66
Achtner, Wolfgang, 176
ACRI (African Crisis Response Initiative), 169
Adebayo, Adedeji, 132
Adedeji, Adebayo (former UN Secretary-General), 242
Adekunle, Benjamin, 340
Adeyeye, Sola, 232
Adjustment Lending in Africa (World Bank), 135
ADMARC (Agricultural Development and Marketing Corporation), 39
AFRC (Armed Forces Ruling Council), 150
African economists, profile of famous, 1–3
Africans, The (Mazrui), 83, 258, 367n41
Africa, postcolonial: desire of power by leadership, 189; failed states, characteristics of, 83; initiatives, 129; loss of economic freedom, 77; political and economic systems under, 188, 189; successful states, 83; summits, 129
Africa's crisis, causes; externalist views, 83–85; internalist views, 85; views of African leaders, 83–85; Western colonialism and imperialism, legacy of, 83–85
Africa's independence and aftermath: adoption of socialism, 85; assumption of power by governments, 86; capitalism vs. colonialism, 86; democratization process, 172, 173; "development by imitation," 5, 85–86, 94–95, 96; indigenous institutions, failure to build on, 85; rejection of capitalism, 85; socialist transformation, 88
Africa's soul, 14, 15, 282
agbadoho, 65
AGOA (Africa Growth and Opportunity Act), 169–70, 178
Agricometriology, 330
agricultural crisis: causes, 44; failure, reasons for, 51–54; in Ghana, 46–48; in other African countries, 48–51
agriculture: collectivized in Tanzania, 50; destruction of, 42–44; mechanization of, 95; performance of, 43; policies, responsibilities for, 46; production, freedom of entry, 71–72; recognition of importance, 95; underfunding of, 48; US subsidies, effects of, 130–31
Aideed, Mohammed Farah, 323
Albright, Madeleine (US Secretary of State), 169
Alison-Madueke, Diezani (Nigeria, Minister of Petroleum Resources), 36
al-Sisi, Abdel, 300–301
AMC (Agricultural Marketing Corporations), controls and effects, 49, 219
Anadi, Allison, 271
ANC (African National Congress), 91, 133, 354, 355
Annan, Kofi (UN Secretary-General), 156, 184, 305; on African leaders, 85; on key source of power, 320
Anyidoho, Henry, 272
APC (All Peoples Congress), 260
Arab Islamic socialism (Gaddafi), 32
artisanal fishing industry, aspects of, 279–80, 368n51
Arusha markets and Masai culture, 68
Aryeetey, Ernest, 2
Aryeetey, Kofi, 277
Ashaai, Kwame, 40
Asian Tiger Model, 8, 244
"Atinga development model" (Ayittey), 271, 368n48
AU (African Union), 132, 134; failure of, 303–4
Ayeh-Kumi, Patrick, 89
Ayittey, George, meeting Hillary Clinton, 367n39
Ayittey's Law, 302
"Ayittey's Law of Bad African Governance," 305

B

Babangida, Ibrahim (Nigeria, President), 29, 149, 339, 343; "Babangida Boogie," 181–82, 292; patronage by, 40; rewards for military chiefs, 313; rural development, emphasis on, 51; on state security, 215
Bah, Chernoh, on causes of socio-economic problems, 11, 84
"Bamako Declaration, The," 133
Banda, Hastings (Malawi, Life President), 135; misuse of power, 39–40
Bank of Ghana, defrauding of, 39
Bank of Zaire, 39
"*Bantustans*" (homelands), 91
bargaining, 69–72; by Amhara traders, 71–72; at West African coast, 71
Barre, Siad (Somalia, President), 171; ousting of, 317
barriers: American vs. African cotton growers, 130–31; hypocrisy of the West, 130
Bauer, Lord Peter, 63; against foreign aid, 167
Bawah, Eric, 330
Bearman, John, on Abacha, 38
Bedie, Konan (Ivory Coast, President), 40; ousting of, 317
Ben Ali, Zine el-Abedine (Tunisia, Dictator), 299
Bethlehem Tilahun Alemu (Ethiopia), 289
Bill of Rights, 349
"black elephants," 168, 181
black farmers, productivity of, 77
Black Man's Burden, The (Davidson), 95
black markets: created by price controls, 33; definition, 367n44; a second-generation problem, 33, 42
Bloch, Eric, 41
Boateng, Oti, 138
Boazizi, Mohammed, self-immolation, 156
Bokassa I, Jean-Bedel (Central African Republic, Emperor), 94, 168
Boko Haram, 161
Bokuma, Alex, 138
borders, closing of, 35–36
Botchwey, Kwesi (Ghana, Minister of Finance), 136, 151
Botswana: freedom of press, 80; GDP rate explosion, 78; influx of refugees, 78; keys to success, 79–81; kgotlas, preservation of, 80; macroeconomic policies in, 79; Mmusi, Peter (Botswama, Vice President), 78; post-colonial success, 78–79; problem of wealth distribution, 270; raising capital in, 270–71. *See also* kgotlas meetings
Bouteflika, Abdelaziz (Algeria, President), 133

bread, demand for (example), 19–21
Bretton Woods institutions, image of, 145; concerns about World Bank, 146; IMF and statism, 146–47
bribery, due to regulations, 37
Burkina Faso, experience with food aid, 54
Bush, George W.: MCA creation, 170; Okoye, Franklin on visit to Nigeria, 34–35; US development aid, prerequisites, 170, 171–72. *See also* MCA (Millennium Challenge Account); MDC (Movement for Democratic Change); PEPFAR (President's Emergency Plan for AIDS Relief)
businesses, regulations for establishing, 36–37

C

CAADP (Comprehensive Africa Agriculture Development Programs), on reasons for Africa's stagnation, 51–52
capital: definition, 17, 65; expenditures, definition, 139; flight, 13, 184; goods, characteristics, 17; raising in Botswana, 270–71; raising in informal/rural sectors, 269–71; sources for start-up, 65; StartUp Capital, 270; for the urban jobless, 270
"capital fundamentalism," 229
capitalism: and colonialism, 32; vs. colonialism, postcolonial, 86; market economies, 18; solving economic problems under, 26; state-monopoly, 93
"capitalist" African countries, decline of, 97–98
cash crops, introduction of, 76
Castro, Fidel (Cuba, President), 54
Cato Institute, protest against foreign aid, 167
CEPA (Center for Policy Analysis), 137
ceteris paribus (other things equal), 20
"chase the commodity," 33–34
"chasing files," effects of, 37
Chavez, Hugo (Venezuela, President), 38
"cheap food" policy, 366n20
Cheetah Generation, 14, 230; business opportunities, 272; characteristics of, 284; "Cheetah Enterprises," examples of, 273–74; entrepreneurial activities, examples, 284–89; information (traditional) sector, development of, 230; TED Global conference, 284, 368n53. *See also* Cheetah profiles; development projects, examples; "Hippo Generation," characteristics of
Cheetah profiles: Atinga Project (Rwanda), 285; Banana Investments (Tanzania), 287; Globalwise Resources (Nigeria), 286; Horseman Shoes (Ghana), 285; Koko King (Ghana), 285; Poultry Farming (Nigeria), 286; SokoText (Kenya), 284
chilembe (revolving credit scheme), 65, 269
Chiluba, Frederick (Zambia, President), 152, 154
China: aid to Africa, 8, 183, 301–2; anti-Chinese sentiments, 163, 163–64; case studies, 159–60; "chop sticks mercantilism," 163; commodity-backed loans, 157; corruption, stemming of, 247–48; economic transition, 247; impact on local economies, 161–62; "infrastructure-for-resources" deals, 157, 159, 163; intentions and presence in, 162; problems with, 160–61
"China menace," 294
Chissano, Joaquim (Mozambique, President), 133
Chivonde, Adália, 291
CHRAJ (Commission on Human Rights and Administrative Justice), 140
Christopher, Warren (US, Secretary of State), 168, 169
clientelism (political support), 39, 205
Clinton, Chelsea, 169
Clinton, Hillary, 169
Clinton, William J. (US President), 6, 250; hailing African leaders, 172; policy on aid to Africa, 169–70, 172, 173, 177
"coconut boogie," 6
coconut republics, 13, 190–93, 229, 292; vs. banana republics, 190; characteristics of (examples), 190–93; process of descent of, 193; "revolution" in, 190; tyrants in, 190
CODESA (Convention for a Democratic South Africa), failure to restructure, 354–55
CoE (Council of Elders), 140
coefficient of elasticity, 24
Cohen, Herman J., 171
collective agriculture, failure of, 52
colonial rule, indigenous Africa; Congo, atrocities under, 76; indigenous economic activities under, 75–76; in southern Africa, 76
command economies, 18; problems under, 26
commodities: demand for, 19; scarcity of, 18, 42; substitute, effects of price change on, 21; types of, 21. *See also* Clinton, William J.; policy on aid to Africa
communal ownership, 64
COMPACT (Compact for African Recovery), 129
Compaoré, Blaise (Burkina Faso, President), 303, 309, 332
complements, effects of price change on, 21
confederation of clans, 356–57
"conflict diamonds," 132
conflict resolution, traditional methods, 272, 368n49
Congo (Zaire), Democratic Republic of: agricultural problems in, 51, 51*t*; exploitation of mineral resources, 363; suit for reparations, 363
constitution: based on Manden Charter, 355–57; reform, 245, 302; what it should be, 349–50; women's rights, 356, 357
constitutional conventions: choice of democracy, 354; Manden Charter, 355; need for, 353–54. *See also* CODESA
consumption loans, types of, 180–81
Convention on Genocide, 360, 369n68
COPE (Congress of the People), 355
corruption, 37; antidotes, 246; budget deficits, aggravation of, 202; business costs, 221; causes for, 189, 194–200; combating of, 13, 254–56, 260; economic contraction and collapse, 203; economic effects, 13, 200–204; effects on state institutions, 201; foreign investors, deterrence of, 203; ghost workers scam, 202–3; looting, 200–201; magnitude, 194; mishandling of diagnosis of, 258; persistency of, 202; problems with exposure of, 256–58; responsibilities for, 200–204; sabotage of, 258–60; steps to solution of, 261
CoS (Council of State), 140, 140–41
cotton production, 130–31
CPC (Communist Party of China), 247
crisis-management, 42; postcolonial, 36; resolution by force, 327; through state controls and interventionism, 205
cross-price elasticity of demand, coefficient of, 23
CSOs (Civil Society Organizations), 132

D

Darfur, massacre, 134
"dash" vs. corruption, 194–95
Davidson, Basil (*The Black Man's Burden*), 95
de Goyet, Claude de Ville, 174–75

de Klerk, Frederick (South Africa, President), 354–55
demand: factors affecting, 21; household income affecting, 21; inelastic, 20
demand and supply, laws of, 25, 29
demand curves: calculation of linear, 20; exceptional, 20–21; inelastic, 20; market, 21–22; non-negative slopes, 20; unitary elastic, 22
demand, elasticity of, 22–24; cross-price, 23; income, 23; influencing factors, 23; price, 22; properties, 22
democracies: in African states, 31, 365n9; decline in Africa, 329; majoritarian vs. participatory, 14; UN definition, 246
democracies, establishment of: detriments to, 234–35; pre-requisites, 234
democratization process, stalling of, 155, 297, 303
Desalegn, ShiBire, 312
de Soto, Hernando, 268, 367n44
development and investment strategy, distinction, 271
"development by imitation," 85–86, 94–95
development projects, examples: building markets, 282–83; native fishing industry (Ghana), 276–80, 294; palm oil production, 280–82; Pwalugu tomato project, 275–76
"developmobile": dysfunction of, 231; road to, 231–33
dictators and leaders. *See* leaders and dictators
Diop, Makhtar, 2
Dira, Fred, 80
Directorate for Food, Roads, and Rural Infrastructure, failure of, 51
dirigisme. *See* statism (*dirigisme*, state intervention)
Dlamini, Phumnani, 232
Dodd-Frank Act of 2010, 363, 369n75
Doe, Samuel (Liberia, President), 168; fall of, 317; reign of terror, 305
dos Santos, José Eduardo (Angola, President), 140, 153
dos Santos, Eduardo (Angola, President), 177
dos Santos, Isabel, 93, 234, 304

E

ECA (United Nations Economic Commission for Africa), 132
economic development: alternative model of, 13–14; assistance, four phases, 165–67, 204–8; "Atinga development model" (Ayittey), 271, 368n48; discouragement of industrialization, 87; vs. economic growth, 263; elements of, 232; by imitation, 5, 94–95; influence of socialist ideology, 86; investments by states, 87; a look back, 291–93; model, defects of, 60; need for governmental power, 86; objectives of new strategy, 263; obstacles, 11; planning, economic arguments for, 86–87; poor sectors, increasing standard of living in new strategy, 264; risks of specialization, 87; role of modern African state in, 236–38; scenarios of, 13, 230; sequence of steps to reform, 233, 297; strategic objective of, 271; strategies by elites, failure, 271, 294; traditional heritage (*majimbo*), basis for, 272; transition ("shock therapy"), 246–47; understanding of, 1, 9; vehicle analogy, 230; village development model, 272–73. *See also* development projects, examples; industrialization, postcolonial; nationalization, postcolonial
economic freedom: cornerstones of, 144; post-colonial loss of, 77; preservation of, 76; *World Index of Economic Freedom,* 144
economic growth: vs. economic development, 263; rates of, 6–10; reasons for, 10; in small vs. large countries, 10; success stories, waning of, 6
economic performance of countries, 5–7
economic problems: language, government vs. people, 5; role of market systems, 4; solution of, 18; state intervention, 195; in various economies, 25–27
economic reform (liberalization), 6, 246–48, 302; *de facto* apartheid, 13, 363–64; failure and reasons for, 155–56; "Girinka" program, 363; goals of, 246; in China, 250–51; premature, 247; privatization programs, 150–51; prospect of armed revolt, 364; reaching political ceiling, 361, 362. *See also* SAPs (Structural Adjustment Programs)
economics: definition, 18; fundamental concepts of, 18; illiteracy in, 32; reasons for studying, 1; teaching in Africa, problems, 3–4
economic success stories, waning of, 6–7
economic systems: "abusa" system, 5; characterization of, 13; during "golden age," 76; free enterprisers, 5; indigenous vs. imported, 5; ownership of production, 4–5; in traditional Africa, 4, 5. *See also* indigenous economic systems; peasant prosperity, golden age of; women
economic theory, assumptions and premises, 4
economy: "conditionalities" to receipt of foreign aid, 157, 167, 171; modern sector, focus of elite on, 264; poor sectors, 264–71; precolonial functions of African chiefs, 74, 195; problems, self-aid for, 184–85; purpose of adjustments in, 144, 167; sectors of, 11, 229; systems, characterization, 188. *See also* SAPs (Structural Adjustment Programs); and *specific sectors*
ECOWAS (Economic Community of West African States), 35–36, 331
EDPRS 2 (Second Economic Development and Poverty Reduction Strategy), 359
EEC (European Economic Community), on failure of African development projects, 53
EFF (Economic Freedom Fighters), 355
Eisenhower, Dwight D. (US President), 169
elasticity of supply, 24
El-Bagir, Nima, 229
El Baradei, Mohammed (Nobel Peace Prize), 299
"enabling" ("conducive") environment, requirements for, 1, 229, 238; disincentives, system of, 219; economic stability, 211–12, 224–25; fiscal responsibility, 212–13; freedoms, 213, 225–26; functioning infrastructure, 211, 221–25; incentives, system of, 219; market-based incentives, 209–10; monetary stability, 212, 225; people's participation, 213–14; political stability, 211–12, 224, 302; price stability, 212; property rights, 218; security, 209, 214–18. *See also* rule of law
entrepreneurship: characteristics of, 17; encouragement of, 236; in informal economy, 267–68; retardation of, 130
EOCO (Economic and Organized Crimes Office), 140
Ephson, Ben, on *kalabule,* 37
equilibrium price, determination of market, 24–25, 29
ERP (Economic Recovery Program), 149, 150
Essy, Amara, 132
esusu (revolving credit scheme), 65
exposure of societies' problems, 239
extended family system. *See* family system, extended
externalists, decline of, 84–85
external loans to Sub-Saharan Africa, gross disbursements, 166*t*
Eyadema, Gnassingbe (Togo, President), 173, 305

INDEX

F

"family pot," uses for, 65, 269
family system, extended: importance to market system, 68; as an operative economic entity, 63; ownership in, 64–65; role in agriculture production, 63–64; security offered by, 75; start-up capital, securing of, 65
fao (robbery), 67
FAO (UN Food and Agriculture Organization), 42, 45
federal system of government, 350; characteristics, 352–53; confederate system of government, 350, 352; decentralization of power, 352
feudalism, 64
first-generation problem, 33
food crisis: causes, 44–46; food production problems, 272; policies, misguided by outsiders, 45; rotting food, causes, 272; sociopolitical factors, 45; solutions to, 46
Food for Peace (Eisenhower), 169
food production: decline of per capita, 131; loss of self-sufficiency, 43. *See also* food crisis
forecasting, reliability of economic data, 4, 9
foreign aid programs; allocation problems, 173; blunders of, 175–76; considerations for, 184–85; corruption and fraud, 182–83; cronyism, 174–75; donor culture, 171–72; foreign aid circus, 177–80; as a growth industry, 177–80; ineffectiveness of, 249; leader-centered, 172–73; performance-based, 170; poor judgment, 175; reasons for failure, 7, 10–11, 167–69, 171–83; recipient culture, 180–83; red tape, 173–74; types of, 164; Wagaw, Maritu on, 184; Western duplicity, 176–77
foreign development assistance, 164–66
foreign representation, precolonial Africa, 357
formal sector of African economy, dysfunction of, 264
four-step reform process, 234–41
fraud, culture of, 36–37
Freedom Constitution of the Philippines, 349, 368n60
freedom of expression in modern Africa, consequences of, 80
Freedom Support Coalition, 174
"free enterprisers," 5, 75
FRELIMO (Mozambican Liberation Front) party, 91; failure of economic policies, 48; land and property ownership, 218
fuel prices: consequences of attempting to raise, 34–35; effects of high, 35–36
functional illiteracy, 365n10

G

G-8 Summits, Canada (2002), 320; Genoa (2001), 129; Washington DC (2012), 179
Gaddafi, Muammar (Lybia, Leader), 133, 143, 156, 192, 231; Arab Islamic socialism of, 32; death of, 134
Galbraith, John Kenneth, 1
"gangster" or "pirate" countries, 293; characteristics of, 188, 190
gao tree, 45
GDP (Gross Domestic Product), 4, 263
GDP rate growth in Botswana, 78–79
GGDO (Government Gold and Diamond Office), 93
Ghana: abolition of slave trade, 76; abusa scheme, 65; agricultural development, heap fermentation method, 44; Ashanti Goldfields Corporation, 145; destruction of markets, 56; economic reform in, 149; experience with price controls of food, 55–57; fall as a World Bank star, 136–39; ghost names, removal of, 202–3; ghost workers scam, 41, 202–3; implementation of SAP (ERP in Ghana), 149; Mossi markets, importance of, 67; native fishing industry, 276–80, 294; as recipient of food aid, 169; sources to finance deficit, 139–40; structural deficit problems, 139–40; "vampire tax," 136–37. *See also* Price Control Tribunals (Ghana); State farms (Ghana)
Ghana, agricultural crisis in, 46–48; development of agriculture, 46–48; importance of agricultural sector, 46; neglect of agricultural sector, 46; vision of collective agriculture, 46. *See also* Nkrumah, Kwame (Ghana, President)
Ghana, agricultural development: emerging problems, 90; heap fermentation method, 44; mechanization, 46; post-Nkrumah era, 90; set-up of state farms, 46. *See also* black markets; price controls; Price Control Tribunals (Ghana)
Ghana Trade Union Congress (2000), 137
Ghannouchi, Mohammed, 299
Giffen goods, 20
Gikuyu (Kenya, King), despotism and overthrow of, 74–75
Gilman, Benjamin, on misuse of US aid, 168
Gini coefficient, 359–60
GMB (Grain Marketing Board), 58, 60
GNP (Gross National Product), annual growth rate, 1, 97
GNRC (Ghana National Reconstruction Corps), 47
GNU (government of national unity), 323
Gorbachev, Mikhail (Soviet Union, President), 244; on reformation of Communist Party, 353
governance: role of key institutions for, 230–33; traditional systems, 14–15; in tribal vs. US cultures, 15. *See also* institutions for governance
government interference in markets, 29–31; effects on commodity prices, 30–31; shortages in commodities, 31
governments: assumption of power, 86; bureaucrats in, 42; cutting expenditures, 140; ghost workers in, 41, 202–3; initial mistakes by, 35; ownership by, 32; power of heads of state, 86; reducing state hegemony, 41; separation from people, 13; soaring expenditures, 40–41; systems of, 350–53; ten immutable laws of misgovernance, 305–38; wage bill, 141. *See also* institutions for governance; tribal government; and *specific iron laws*
Graft, Joseph W. S. de, (Ghana, Vice President), on agricultural crash program, 47–48
"Graveyard of Aid" (Somalia), 168
Green Bombers (paramilitary in Zimbabwe), 205
"Green Revolution," 45, 50–51
Gross National Income per Capita, success stories, 136*t*
guaranteed prices or price supports, 29
Guest, Robert, 271

H

Habyarimana, Juvenal (Rwanda, President), 177, 315–16, 317–18; patronage by, 37–38
Haile Selassie I (Ethiopia, Emperor), overthrow of, 48, 218, 314
Hamilton, Lee H., on misuse of US aid, 168
Heinrich Boell Foundation, 132
Higenyi, Jimmy, 312
HIPC (Highly Indebted Poor Country) status, 138, 178
"Hippo Generation," characteristics of, 284, 294
Houphouët-Boigny, Félix (Ivory Coast, President, also Le Vieux), 86, 92, 168
Humphreys, Charles, 44

hunger in Africa, 42–43
Hydara, Deyda, 312

I

Ibrahim, Mohamed “Mo,” 2
ICC (International Criminal Court), 328
IDA (International Development Agency), 45
IDC (Industrial Development Corporation), 123
Idi Amin (Uganda, President), 318
Ikiara, Gerrishon, 154
ILC (International Labor Conference), 267
IMF and statism, 146–47
IMF (International Monetary Fund), 43
immutable laws of African misgovernance. *See* African misgovernance, ten immutable laws of; and *specific iron laws*
imperfect competition, 247
imperfect markets: price determination in, 25; violations of conditions, 19
import controls and regulations, 36–39; fraud, 38; licenses, misuse of, 39; over- and under-invoicing, 39; purpose of, 38
imported crops, declining production, 47*t*
import licenses, denial of, 38–39
incentives, market-based, 209–10
income elasticity of demand, coefficient of, 23. *See also* African misgovernance, ten immutable laws of
indigenous economic systems, 63–64; family, role of, 63; free enterprise and trade in, 75; markets, postcolonial loss of importance, 78; ownership in, 63–64, 75; today’s, 75; view by foreigners, 75; women in, 63
industrial activities, precolonial, 65
industrialization, postcolonial, 88–91; failure of, examples, 97; logic for, 88; strategy for, 89, 126
inequalities: consumption, 169; Gini coefficient, 359–60; income, 9, 10; socioeconomic, 248
inferior goods, 21
inflation, 42
informal (traditional) economy, 36; definition, 267, 367–68n44; employment in, 268; importance of trade activities, 268; informal entrepreneurs, 267; vs. informal sector, 267; peasant capitalism, 267; people turning to, 204; raising capital in, 269–71; sectors of, 229
informal (traditional) sectors: assault on, 264–65; definition, 367–68n44; de Soto on street-side cottage industry, 268, 367n44; as focus of development policy, 264, 265, 272; neglect by ruling elite, 264, 266–67; traditional activities, 32–33. *See also* informal (traditional) economy; traditional/rural Africa
“infrastructure-for-resources” deals, 163
Ingabire, Victoire, 251
institutes, independent: need for, 42; Western aid, conditioned on, 42
institutional reform. *See* institutions, seven imperative
institutions for governance: breakdown of, 232–33, 293; codes (“the code”) for, 230–31; corruption in, 232; key, 230–33; Obama on, 244; requirements, 230; role in economic crises, 232
institutions, seven imperative, 238–45; efficient civil service, 240, 245; free and independent media, 239, 245, 293; functioning parliament, 238–39, 245; independent central bank, 239, 245; independent electoral commission, 240; independent judiciary, 239, 245; professional and neutral forces, 240, 245
intellectual prostitution, 330, 331–36
intellectual reform: freedom of expression, 241–42, 245, 302; reasons to start with, 253
intellectual repression in modern Africa, consequences of, 80
internalists: protests by, 85; rise of, 85
investment: and development strategy, distinction, 271; of profits, 73; strategy, 271
IRD (integrated rural development) programs, failure of, 53–54
iron law no. 1, destruction of an African country, 305–8
iron law no. 2, results of persecutions, 308–13; censorship, 308; fighters for democracy, killed or jailed, 311–13
iron law no. 3, military spending on despot’s security, 313–14; overthrow of state leaders, 314–15
iron law no. 4, reprisals, 316–18
iron law no. 5, causes of politics of exclusion, 318–22; marginalized or excluded groups, options of, 321
iron law no. 6, failure to put down postcolonial rebel insurgencies, 322–23
iron law no. 7, GNU failure in postcolonial Africa, 323–27; conflict resolution, 326–27; using Western approach, 326
iron law no. 8, emergence of third force to drive change, 327
iron law no. 9, turn against dictators, 327–28
iron law no. 10, steps to establishing a free society, 328
iron law no. 11, price to pay, 331–38; collaboration, 337–38; defense of military regimes by intellectuals, 332–33; fate of vice presidents, 336; intellectual prostitution, 30, 331–36; “*Kume Preko*” demonstrations, 337; sycophancy, 336
ISSER (Institute of Statistical Social and Economic Research), 268
Issifu Ali, on cause for economic crises, 84
itwika, 75

J

Jaeger, William, 44
janjaweed (paramilitary in Sudan), 205
Jefferson, Thomas (US President), 236
Jett, Dennis (US Ambassador), 176
Jinping, Xi (President), 245
JNOC (Japan National Oil Corporation), 121
judgment debt, 367n42
judiciary systems: corrupt, 189; need for independence, 211
Jung, Kim Dae (South Korea, President), 243

K

Kaberuka, Donald P., 2
Kagame, Paul (Rwanda, President), 251, 303, 359; invasions sponsored by, 363
kalabule (Ghana), 33, 37, 60. *See also* second-generation problem
Kalahari Bushmen, 63
Kalumba, Katele (Zambia, Foreign Minister), 133, 191–92
Karanja, David, 169
Katsina, Hassan Usman, 340
Kaunda, Kenneth (Zambia, President), 79, 308; adoption of socialism, 32; fight for freedom, 31
Keita, Modibo (Mali, President), 358
Kenny, Andrew, 91
Kenya, effects of sugar price controls, 29
Kenyatta, Uhuru (Kenya, President), 253

Kessie, Kwame, on importation of maize, 48
kgotlas meetings (Botswana): on Okavango River irrigation project, 80; purpose of, 80
Koffi, Mathieu Kegbe, 173
Kofi, Annan (former UN Secretary-General), 187, 291
Kouassi, Rene N'Guetta, 129
Kuka, Rev. Matthew Hassan, 234
"Kume Preko" protests, 139, 337

L

labor, supply and demand, 17
Land Reform Act, 48, 218, 219
Larwanou, Mahamane, on "green revolution," 45
Lattre, Anne de, 77
law of demand: bread example, 19–20, 23, 24; exceptions to, 20; linear demand curve, 20. *See also* price determination, perfectly competitive market
law of supply, 23
LDC (Lesser-Developed Country), 87, 89
leaders and dictators: cause for banditry and looting, 344–47; chiefs, role in markets, 73; commission of mass slaughter, 342; corrupt, 188–89; destruction of states by, 342–43; economic and social power of, 39; failure to take responsibility, 328, 329; loot of corrupt, 194; ownership and property, 74; postcolonial, 31; reluctance to accept reforms, 181–82; removal of corrupt, 195
legislative controls and regulations, imposition of, 32
Limann, Hilla (Ghana, President), 47
lineage (family) ownership, 64–65
Lloyd George, David (UK, Prime Minister), ghost of, 249–54; democratization of China through trade, failure of, 249–50; Russia, 250
loans, resource- or commodity-backed, 163
Location Acts, 77
long-term development, four-step reform process, 234–41; cleaning up the environment, 238–40; constitutional and institutional reforms, 235; new development strategy, 240; replacement of "life-presidents," 234

M

McKinney, Cynthia (US Congresswoman), 173
macro-economy: restructuring, success of, 145; stability, 239
Made, Joseph (Zimbabwe, Agriculture Minister), 58, 59, 60
Maduro, Nicolás (Venezuela, President), 38
Mahama, John Dramani (Ghana, President); request for bailout by IMF, 43, 57
majimbo (traditional heritage), 272
Makhanaya, Benjamin, 229
Makoni, Simba (Zimbabwe, Finance Minister): appeal for aid, 57; food shortages, sources, 58; Mugabe's response to food donors, 57–60
"Mama Benz," 69
Mamora, Olorunnimbe, 151
Mandela, Nelson, 156, 363
Manden Charter: as base for African constitutions, 355–57, 369n61; edicts of, 356; *sanan kunya* (Mali), 357
Mandipaka, Oliver (Zimbabwe, Police Chief Superintendent); on arrests of business operators, 59, 264
MAP (Millennium Partnership for the African Recovery), 129, 133
market forces, effects of controls of, 30
marketing boards, agricultural, 30
market prices, setting of, 69–71; interference by African chiefs, 73; pricing practices, 72
markets, 18; in capitalist and African systems, 4; demand curves, 21–22; destruction of Ghana's, 56, 92; government interventions, effects of, 4, 5; group protection, 29–30; importance today, 68–69; interferences, 29–31; open and free, 73; pre- vs. post-colonialism, 12; role of African chiefs, 73, 293; types of, 18. *See also* demand curves
markets, precolonial, 66–69; controls of, 67; free trading in, 66–67; importance of rural, 67–69; market-determined price in, 67; purpose of, 68
"Marxism in African Clothes" (Touré), 78
Masire, Quett Ketumile, 79
Mathiu, Mutuma, 236
Mazrui, Ali (*The Africans*), 83, 258, 367n41
Mbeki, Thabo, (South Africa, President), 3, 129, 132, 133
Mbonimpa, Pierre Claver, 311
Mbowe, George, 151
MCA (Millennium Challenge Account), 170–71
MDBs (Multilateral Development Banks), 135, 166, 167
MDC (Movement for Democratic Change), 171, 329
MDGs (Millennium Development Goals), 156; failure to meet, 6, 9
means of production, ownership of, 64, 75
Mengistu Haile Mariam, 48–50; build-up of army, 314; excesses by, 50; land nationalization under Land Reform Act, 218; nationalization of all land, 49; overthrow of Haile Selassie, 48, 218, 314; socialist regime (Dergue), 49, 50, 214; villagization and resettlement program, 49
Merkel, Angela (Germany, Chancellor), 351
meso capital, 283–84
micro credits, 283; SEF (Small Enterprise Foundation), group-based, 270
military: banditry, 343; discharge of its role, 340; economic well-being and power of, 344; failed transitions by dictators, 298; fear to fight, 340–42; force on unarmed civilians, 341; function, in Africa vs. "civilized" societies, 42; history of introduction to Africa, 339–40; leaders, actions of, 32–33; rebel forces, brutality of, 215–17; reduction of resources, 346–47; removal and aftermath of dictators, 298–301; scourge of Africa, 339–40; spending by, 184; waste of resources, 343, 345
Millennium Villages Project in Rwanda, 42
MMD (Movement Multi-Party Democracy), 309
Mobutu Sese Seko (Zaire, President), 181; blaming European colonialism, 84; control of state apparatus, 39; "Mobutuism" of, 32
modern economy sectors, 229
Mogae, Festus (Botswana, President), 270
Mohlala, Raphael, 291
Moi, Daniel arap (Kenya, President), 79, 133, 152, 191; on causes for mass poverty, 84; ousting of, 188–89; persecution of Gitobu Imanyara, 309
Movement for Multiparty Democracy, 154
Moyo, Jonathan, 334–36
Mozambique, establishment of socialist state, 91
MSRP (Manufacturer's Suggested Retail Price), 25
Mtshakazi, Godknows Dzoro, 313

Mugabe, Robert (Zimbabwe, President): bloated cabinet, 41; and free market, 149; response to food donors, 57–60
Mulotsi, Patrick, 80
Museveni, Yoweri (Uganda, President), 122, 141; battle against HIV/AIDS, 142
Mutuka, Ken, 189
Mwanawasa, Levy (Zambia, President), 133
Mwinyi, Hassan (Tanzania, President), 151

N

NADECO (National Democratic Coalition), 260
NAFCON (National Fertilizer Company), 51
NAFPP (National Accelerated Food Production Projects), 50
Nagle, Dave (US Congressman), 174
nationalist leaders: actions of, 32–33; sacrifices of, 31
nationalization, postcolonial; during post-Nkrumah era, 90; of European companies, 77; of native operations, 77; under Land Reform Act, 48
native African economies, economic problems under, 26–27
Native Lands Act (1913), 77, 91
native resources, uses of, 78
NBA (National Bakers Association), 59
NCCR-Mageuzi (National Convention for Construction and Reform-Mageuzi), 191
NDC (National Democratic Congress), 84
Ndeburge, John, Tamale Central Market blaze investigation, 56
N'Diaye, Babacar, on poor performance of state enterprises, 98
"Negritude," 32
NEPAD (New Partnership for Africa's Development), 5; African leader meeting (Durban), 133; a copy of US Marshall Plan, 132; critiques of, 133, 214; development model, focus, 272; exclusions from formulation, 132–33; failure of Peer review mechanism, 134; flaws of, 129–30; G-8 Summits, presented at, 129, 321; goals of, 129; patronage and corruption, 130; retardation of entrepreneurship, 130; self-reliance, 132; "The Bamako Declaration," 133
NGOs (nongovernmental organizations), 132, 174, 176, 178
N'Gouabi, Marien (Congo, President), socialism of, 32
Nigeria: agricultural policy in, 50–51; campaign for democracy, 337; challenges, 29; controlled gasoline prices, effects of, 35–36; food imports, 51; misuse of rising oil revenues, 80
Nigerian Extractive Industries Transparency Initiative, 182
Njoku, Tony Nze, 37
Nkrumah, Kwame (Ghana, President), 52, 53, 55; adoption of socialism, 32; agricultural transformation, 46; fate of critics, 89; fight for freedom, 31; industrial vs. agricultural development, 46; mechanization of agriculture, 90; nationalization of private businesses, 32; "Nkrumaism" (consciencism) of, 32; policy on private enterprise, 88–89; production of important crops, decline, 47*t*; rise of industrial sector, 89; Seven-Year Development Plan, agriculture in, 46, 88, 90, 97, 99, 121; state participation in agriculture, 89–90; supplier's credit arrangement, 157–59
Nkurunziza, Pierre, 303
NMP (National Maize Project), 50
NNPC (Nigerian National Petroleum Corporation), 34, 36, 182, 239
normal goods, 21
NPFL (National Patriotic Front of Liberia), 305
NRM (National Resistance Movement), on "villagization," 91
Nyerere, Julius (Tanzania, President): adoption of socialism, 32; fight for freedom, 31; transformation into Ujamaa, 88; "Ujamaa," 32; villagization project, 50; on World Bank and IMF, 146
Nzoia Sugar Company, 29–30

O

OAU (Organization of African Unity), 85; Civil Society Conference, 132
Obama, Barrack (US President), 253; on present governance in Africa, 244; policy on aid to Africa, 179; "Power Africa," 179–80
Obasanjo, Olusegun (Nigeria, President), 129, 132, 239, 291; dismissal of National Assembly, 221, 239; fuel prices, effects of high, 35–36; general protests, 34; removal of petroleum product subsidies, 34; resettlement of white farmers, 122; resettlement of Zimbabwean farmers, 51
Obi, Anthony, 341
ODA (official development assistance), 10, 167; foreign development assistance, 164–65; phases of, 165–67, 204–9. *See also* patronage network
OECD (Organization for Economic Cooperation and Development), 166, 184
Okadigbo, Chuba, 339
Okonjo-Iweala, Ngozi (Nigeria, Minister of Finance), 3; on persistency of corruption, 202
Okoye, Stephen, on armed forces vs. armed robbers, 343
Okumaning State Farms, story of, 47
Ollennu Commission, testimony by Ayeh-Kumi, 89
Olympio, Gilchrist, 173, 306
"one-man dictatorship" (or sultanism), 12, 188
Onyango-Obbo, Charles, on Uganda, 135
Opadokun, Ayo (Nigeria, Chief), 260
OPEC (Organization of the Petroleum Exporting Countries), 71, 166
opportunity costs, 18, 35. *See also* price controls
opposition, consequences of, 329–30
Organization of African Unity's Charter of Human and Peoples' Rights, Article, 9, 80
Osei-Bonsu, Nana Asantefuohene (Ghana, Chief), 293
Ousmane, Maharanee (Niger, President), 322
ownership: communal, 64; family (lineage), 64–65; of production means, 64, 75; of properties, 64

P

Pan-African Investment Summit, 151
PAP (Pan African Parliament), 133
"parallel institutions": problem of, 140; "Woyome scandal," 140
paramilitary organizations, 205
patronage network: four phases of development assistance, 165–67, 204–9; Western complicity by banks, 206
patronage ("spoils") system, 39–40; effects on government, 40–41; resources for, 40; results of, 39–40; ruling elites maintaining, 42
PDCs (People Defense Committees), 150
peasants: capitalism of, 267, 268; exploitation of, 92–93; prosperity in the golden age of, 76–78, 292
PEPFAR (President's Emergency Plan for AIDS Relief), 179
per capita production, declining, 44
perfectly competitive markets, conditions for, 18–19

permits and licenses, difficulties in obtaining, 36
phases of development assistance, 165–67, 204–9
"pirate" or "gangster" countries. *See* "gangster" or "pirate" countries
Plaut, Martin, on most difficult countries for business, 37
PNDC (Provisional National Defense Council), 56, 149, 177, 328
Poku, Kofi Adusei (Ghana, Deputy Minister of Fisheries), 276, 277
politics: of exclusion, 189, 318–22; freedom, reform of, 242, 302; of inclusion, 236; pragmatism in Africa, 195; systems, characterization, 12, 188
population changes, effect on demand, 21
postcolonial independence: failure to prosper in, 77; loss of economic freedom, 77
postcolonial leadership: desire of power, 189; political and economic systems under, 188
post hoc ergo propter hoc ("refrigerator fallacy"), 32
poverty, 10; extreme, definition, 6; rate decrease, 359; reduction programs, embezzlement, 183
Powell, Colin (US Secretary of State), on Zimbabwe's mismanagement, 59
power, decentralization, 236, 294
Pratt, Kwesi, Jr., 341
PRC (People's Republic of China), 247
predatory ("vampire") states, 13, 229; causes for implosion of, 322; descent into carnage, 189, 321; evolution of (Mutuka), 189; rule of law, banishment of, 213; systemic corruption, 221. *See also* coconut republics
price controls, 33–38, 42; confiscatory taxes, 92; demand diagram, 31; distortionary effects of, 33–34; effecting of, 72; effects of, 29–30, 33, 42; effects of lifting, 57; effects on food in Ghana, 55–57; enforcement by PNDC Secretary, 56; example of, 30–31; hidden opportunity costs of, 34; increase in post-Nkrumah era, 90; misconceptions of, 34; red markets, 33; solution to effects of, 57; sugar prices, Kenya example, 29; use by elite, 196; in Venezuela, 38
Price Control Tribunals (Ghana), 31, 149, 264; costs of, 56; effects of, 55–56; price controls, imposed by, 136; purpose of, 55; violations of price controls, penalties, 136
price determination, in imperfect markets, 25
price determination, perfectly competitive markets, 19–25; demand curves, 20; demand for commodities, definition, 19; elasticities, 22–24; equilibrium price, 24–25; factors affecting demand, 21; laws of demand and supply, 19–20, 25; market demand curve, 21–22; market supply, 24
price mechanisms, 18; as a system of incentives, 210
price supports or guaranteed prices, 29
privatization programs, 150–51
profits, sharing of, 65–66
properties, ownership of, 64
property rights in traditional Africa, 66
Putin, Vladimir (Russia, President), 247, 250

R

radio, power of free, 252–53
Rawlings, Jerry (Ghana, President), 136; creation of Public Tribunals, 140; introduction of price controls, 55, 264; killing spree, 341
reasons for Africa's stagnation (CAADP), 51–52
reforms: changing of elite mentality, 293–97; path forward, options, 303–5; reasons for resistance to, 152–55; results of, 253; sequence of, 241, 242–45, 250, 251, 253, 297; types of, 240–48. *See also specific reforms*
"refrigerator fallacy," 32
related goods, prices of, 21
"religion of development," characteristics, 32
rent controls, effects of, 29
"rent seeking," 37
reparation for enslaving Africans, demand for, 130
resettlement programs, 51
resource- or commodity-backed loans, 163
resources of production, 17
"restorative justice," 14, 15
Revel, Jean-Francois, 250
revolution: consequences of, 329; success/failure factors, 298
revolving credit scheme (*chilembe*), 65, 269
Ribadu, Nuhu, 182
Robinson, Randall, 173
RUF (Revolutionary Unit Front), actions of, 323–26
Rugambage, Jean-Leonard, 312
rule of law, 293; enforcement of free elections, 238; essential for business, 239; importance for economic development, 211; independent judiciary, 211; kleptocracy, 221; purpose, 210–11; violations of, 220
ruling elites: failures of, 304; profits from mismanagement, 37; usurping controls, 41–42
Ruxin, Josh, 42. *See also* Millennium Villages Project in Rwanda
Rwanda, 153–54; bankruptcy, avoidance of, 7–8, 360, 369n65; Botswana economic model, 361; Clinton Foundation, 361; concerns about achievements, 360–64, 369n66; decommissioning of currency, 366n32; democratic experiment, 362; economic challenges, 7–8, 360; falsification of data, 365n2; genocide (1994), 360, 365n4; growth rate, sustainability, 7; lack of intellectual freedom, 362, 363, 369n72; Millennium Villages Project, 42; problems in, 365n1; recovery of, post-genocide, 359; Vision 2020, attainability, 359–60; Western aid, dependency on, 360–61. *See also* EDPRS 2
Ryrie, Sir William, 169

S

SACBC (Southern African Catholic Bishops Conference), 133
Sachs, Jeffrey, shock therapy prescriptions, 246
Sai, E. A. (Ghana, Committee of Secretaries), on poor performance of state enterprises, 98
Sakyi-Dawson, Owuraku, 268
Sankoh, Foday, 323
Sanusi, Lamido, 163, 182, 235
SAPs (Structural Adjustment Programs), 5–6; *Adjustment Lending in Africa* (World Bank), 135; administration of, 149–50; economic freedom, cornerstones of, 144; economic recovery, 144–45; failure of, 135; PNDC's role, 150; reasons for failure, 143–44, 154. *See also* economic reform (liberalization)
Saraki, Bukola, 260; on foreign expertise, 122
scarce resources, allocation of, 18
SCF (standby credit facility), 7–8
SDGs (Sustainable Development Goals), 156
SDR (Special Drawing Right), 366n24
second-generation problem, 33, 42–43
sectors of African economy, 264

security, misuse by states, 214–18
SEF (Small Enterprise Foundation), 270
"Sekondi Fish Deal," 276
self-aid for Africa's economic problems, 184–85
self-enrichment, 36–37, 232
Senghor, Leopold (Senegal, President), "Negritude," 32
Serious Fraud Office, 183
Seven-Year Plan, 46, 88, 90, 97, 99, 121
Severino, Jean-Michel, 243
SFO (Serious Fraud Office), 138, 140, 183
Shagari, Shehu (Nigeria, President), "Green Revolution," 50–51
"shock therapy," 246–47
shortages, creation of, 365n8
Sidique, Mohammed, 137
Sikatana, Mundia, 154
SIPRI (Stockholm International Peace Research Institute), on military spending, 184
Sirleaf, Ellen Johnson (Liberia, President), 3
Smith's supply curve, 23
smuggling, economic consequences of, 93–94
socialism in Africa, 32–33, 195
socialist transformation: actions taken, 32, 33; in Africa, 88, 97; perception of states, 33
societies: acephalous (stateless), 15; definition, 18
Soglo, Nicephore, 151
Somalia, Italian aid to, 171, 176
sources of finance, traditional: "family pot," 65; revolving credit scheme (*chilembe*), 65, 269
South African economy, under apartheid, 91
"spoils" system. *See* patronage ("spoils") system
Ssebunya, Kibirige (Uganda, Agriculture Minister), on arrest poor people, 191, 265
SSS (State Security Service), Ghana, 191
standard of living, elite vs. peasants, 92
state controls, 205. *See also* price controls
State Farms Corporation (Ghana), tasks of, 46
state farms (Ghana): failure of, 46–47; models of collective food production, 90; vs. peasant farms production, 47; reorganization, 47
state intervention in economy: enrichment by elite through, 196–200; with controls, 195–96, 205
state-mobile: elements of, 230; failure of, 233; need for complete overhaul, 253, 293, 297–301; "vehicle" analogy, 230, 233, 253, 293, 297–301
state-monopoly capitalism, 93
statism (*dirigisme*, state intervention): drift towards, 31–33; economic system of, 188; effects of, 33, 39–42; exploitation of peasants, 92–93, 265; in post-Nkrumah era, 90; in South Africa, 91; turn towards, 77; vampire elites, 93; visions under, 91–92
statist/socialist experiment, 97–121; failure of statism, aftermath, 97; industrial output, decline of, 97
statist/socialist experiment, case studies of failure: Egypt, 98–99; Ghana, 99–101; Ivory Coast, 101–5; Nigeria, 105–10; Tanzania, 111–13; Uganda, 113–16; Zaire (now DR Congo), 116–17; Zimbabwe, 117–21
statist/socialist experiment, causes for failure, 121–26; administrative ineptitude, 123–25; multiple economic objectives, 121–23; venal tendencies, 125–26
stokvel (institution of mutual aid), 65, 269
"success and failure stories," African countries, 135; GNP per capita, 136*t*
sultanism (or "one-man dictatorship"), 12, 188
supply, 23–24; factors (bread example) affecting, 24; law of, 23; market, 24; Smith's supply curve, 23
supply curves, 24
surplus, creation of, 365n7
susu (revolving credit scheme), 65, 269–70, 368n47
"Swiss bank socialism," 77, 92
sycophancy, 336
Sylva Food Solutions (Zambia), 287
symbols of development, 95

T

Tamale Central Market, destruction of, 56, 92
Tanzania: adoption of "villagization" program, 90; establishment of socialist state, 90; failure of collectivized agriculture, 50; resettlement programs in, 88
Tanzania Rural Development Bank, 50
Taylor, Charles (Liberia, President), ousting of General Doe, 305, 314, 315
Tchounkeu, Severin, 153
TCPC (Technical Committee on Privatization and Commerce), 150
Tedla, Aradom, on Megistu government, 49
tendaana, 64
terms of trade, 365n13
terrorist attacks, 217
"The Bamako Declaration," 133
Tiananmen Square, 242
Tinorgah, Awdu (PNDC Secretary), enforcement of price controls, 56
TLP (Tanzania Labour Party), 191
Toer, Pramoedya Ananta, 243
Tolbert, William (Liberia, President), 305
tontines (revolving credit scheme), 65, 269
Touré, Achmed Sékou (Guinea, President), "Marxism in African Clothes," 78, 88
Touré, Sidya (Guinea, Prime Minister), on soaring government, 40–41
trade monopolies, 73
traders, social status of travelling, 74
traditional (rural) Africa: economy sectors in, 229; existence of institutions in, 266–67; raising capital in, 269–71
Traore, Moussa (Mali, President), on jeopardized development growth, 84
Treaty of Abuja (1991), 129
tribal government, role in indigenous economy, 73–75
Truth and Reconciliation Commissions (South Africa), 14
TUC (Trade Union Congress), 150
Turray, A. R., 93
Tutu, Desmond (South Africa, Archbishop), 263, 291, 315

U

UAC (United Africa Company), 52
UCB (Uganda Commercial Bank), 142
UDF (Unified Democratic Forces), 362
UDN (Uganda Debt Network), 142
Uganda, 153; economic performance, 141–42; invasion of Congo, reparations for, 143; need for political reform, 7; vulnerabilities of economic recovery, 142–43
uhuru (freedom) era, character of, 188

INDEX

"Ujamaa" ("villagization" in Swahili), 32, 50
ulanyika, 64
UNCTAD (United Nations Conference on Trade and Development), 6, 166, 214; on Rwanda's Vision 2020, 360
UNDP Human Development Index (2015), 346
UNDP (United Nations Development Program), 6, 166
UN Food and Agriculture Organization (FAO), 45; Diouf, Jacques (Senegal, President), on chronic hunger, 42
UNIP (United National Independence Party), 308–9
unitary system of government; liberal democracy, 351; protection of minorities, 350–51
United Ghana Farmers' Cooperative Council, 46
United Nations Children's Summit, 84
United Nations' Economic Commission on Africa, 242
UNNADAF (United Nations New Agenda for African Development), 129
UNPAERD (United Nations Program of Action for African Recovery and Development), 129
US-Africa: aid policy, 169–72; and China, 179; Economic Forum, 170; four pillars of (Obama), 179; initiative, 169–70; Summit, 179, 302
USAID (United States Agency for International Development), 87, 164; cronyism at, 174; efficiency of, 174; failure of, 167; management problems at, 173; "Power Africa," coordinator of, 179; primary function, 166
US Constitution, 349–50
US foreign aid program, reshaping of, 250
usufructural rights, 64

V

vampire elites, 38, 77, 93, 193
vampire states. *See* predatory ("vampire") states
"vampire tax" (Ghana), 136–37
VAT (Value-added tax), 40, 137
"vehicle" of economic development, 230
Venezuela, shortages in, 38
villages: consensus at meetings, 12, 14; development model, steps to increase production, 272–73; meetings, consensus at, 12, 14; revolutions, outcomes of, 297–98
villagization and resettlement program (Ethiopia): effects of, 49; goals of resettlement program, 50
villagization ("*Ujamaa*"), 50, 90–91

W

Wade, Abdoulaye (Senegal, President), 129, 133, 134
Wadzai, Samuel, on vendors to vacate space, 60
Wagaw, Maritu, 184
Wamang'oli, Joash (Nzoia Sugar Company, Director), on government rescue, 29–30
wants of people, 17, 18
Western colonialism and imperialism, legacy of, 83–85
Western complicity by banks, 206
WFP (World Food Program), unsuccessful, 53–54
WHO (World Health Organization), 175
Williams, Chancellor, 63
Windmills Project (Malawi), 288
women, 5; distribution of goods, role in, 73; dominance of market activities, 5; economic freedom of, 73, 75; importance in economic system, 63, 69; profits owned by, 73; role in economic systems, 4, 5
Worker's Brigade, 46, 47, 90. *See also* State Farm Corporation (Ghana), tasks of
World Bank: "Africa Rising," 8; and IMF, role in Africa's economy, 145–48; core adjustments, 6; loans, conditions for, 183; on Rwanda's Vision 2020, 359–60
World Economic Forum (2001), 133
World Index of Economic Freedom, 144
world trade, Africa's share, 132

X

Xiaoping, Deng (China, leader of PRC), 247

Y

Yaw, Amoafo, 83; on people's exploitation, 93
Yohannes, Fessehaye "Joshua," 311
Yoruba markets, 68
Young Farmers League, 46, 90. *See also* State Farms Corporation (Ghana), tasks of
Yunus, Muhammad (Nobel Peace Prize), 269, 368n46

Z

Zambia, 153, 154
ZANU-PF party, 60, 149, 306, 325, 329
Zayyad, Hamza, 150
Zenawi, Meles (Ethiopia, Prime Minister), 132; on state ownership, 50
Zimbabwe: decline of economy, 59; enforcement of price cuts, 59; grain, export-import, 58; inflation rate in, 59–60; using Ghana's policies, 57–60
Ziyang, Zhao, 242
Zuma, Jacob (South Africa, President), 179

Answers to Chapter Questions

CHAPTER 1 NO QUESTIONS

CHAPTER 2 ANSWERS

1. a. Opportunity cost is not the cost of not solving the economic problem. Opportunity cost is simply the alternative that is sacrificed. It is related to the economic problem because since all wants cannot be satisfied, those sacrificed are the opportunity costs of the chosen ones. Expect a definition of the "economic problem."

b. The opportunity cost of the trip would be:
Lost wages ($6,000)
Free room and board. Since you are not given these figures, one can extrapolate: $1,400 for food on the trip PLUS what is spent on room (not given).
Therefore the opportunity cost would be:
$6,000 + $1,400 PLUS room = $7,400 PLUS room

2. a. Economic problem is defined as allocating scarce resources to satisfy infinite wants. The problem is with "infinite wants," which cannot be determined by the super computer. Even if it does, "wants" are subject to unpredictable changes. Weather can affect demand. If wants cannot be determined exactly, then they cannot be satisfied by supply, in which case, there would shortages or surpluses of commodities. Existence of these indicate that the economic problem has not been solved. The point of this question is to impress upon students the impossibility of planning bureaus (as they existed in former communist countries) of solving the economic problem, regardless of the sophistry of computers at their disposal. Hence the chronic shortages of commodities in those countries that attempt to do so.

b. No, the economic problem can never be solved because demand keeps changing and the resource base keeps changing.

3. a. This is a reflection of the labor theory of value, which posits that the value of the commodity depends upon the amount of labor embedded in producing it. This theory has been discredited because it ignores the influence of demand.

b. Certainly this is possible if one could imagine a situation where gold is plentiful like sand and cassava is extremely scarce.

4. a. Prices are extremely important in the allocation of resources in mixed economies or the capitalist system. Prices act as signals to both producers and consumers. If a desired commodity is scarce, its price will rise, sending signals to producers to increase its output. Resources will be drawn into that production. The rise in price also sends signals to consumers to economize on the use of the commodity. Vice versa. In the capitalist system, prices are the allocative tool, and resources cannot be allocated without prices. If they are allocated by government fiat, then the system ceases to be "capitalist."

b. The rental price of housing would rise and that of guns would fall. The rise in rents would attract more resources in the housing industry. But governments can interfere with this process of adjustment. For example, municipal governments may not accept the rise in rents.

5. a. A perfectly competitive market is one in which no one person can exert any appreciable influence on the market price. All market participants take market price as given. Five conditions must hold for a market to be perfectly competitive:

1. Many buyers and many sellers
2. Homogeneous product
3. No price discrimination
4. Perfect information
5. Freedom of entry and exit

When these conditions hold then the market is said to be perfectly competitive. Agricultural and stock markets are generally taken to be perfectly competitive.

b. This is a confusion of terms. The statement is not true. A perfectly elastic demand curve is horizontal and may have little to do with a perfectly competitive market.

6. Note: The question gives information on the equilibrium prices and quantities at two different points in time. Could be explained by:

a. Leftward shift in DD, given an upward-sloping SS
b. Leftward shift in both DD and SS
c. Leftward shift in DD and rightward shift in SS
d. UPWARD-SLOPING DD (Giffen good case) in which case a violation of the law of demand together with various shapes of SS.

7. a. No, a shortage would not develop. A drop in SS would only drive the price up. At the new, higher equilibrium price, DD will be equal to SS and there will be no shortage. The drop in SS could be due to an outbreak of disease which wipes out part of the chicken stock, or to any of the following: bad weather, an increase in exports, reducing domestic supplies, taxes, etc.

b. "Price discrimination" is meant charging different consumers different prices for the same product. Africa's market women practice price discrimination. They often charge their loyal customers, relatives, and friends lower prices than what they charge strangers or white people. This is one reason why the latter groups often send their servants to the market to make purchases, rather than go there themselves.

8. a. No. It will depend upon:
The direction of the shifts
The magnitude of the shifts
Relative slopes of the curves.

b. Supply increases (due to technological improvements in production) have outstripped demand. Rightward shifts in supply are greater than demand. Demand has also not increased very much because of health concerns related to too much caffeine. Therefore, there was no imperialist conspiracy.

9. a. P = 65 Q = 145
b. P = 80 Q = 160
c. P = 100 Q = 140
d. No effect because chewing gum and plantain chips are not related.

10.

DEMAND EQUATION Q = 20,000 - 40P
SUPPLY EQUATION Q = 14,600 + 20P
Equilibrium P and Q are $90 and 16,400, respectively.

CHAPTER 3 ANSWERS

1. a. When a maximum price is set below the equilibrium price, this creates a shortage. Over time, the shortage situation worsens. Expect a diagram.

b. There is no such thing as a "red market."

2. They create housing shortages, immobilize tenants (can't leave), lead to a deterioration of housing stock (landlords won't fix apartments), etc.

3. Many of them were in a hurry. That in itself was not a problem but haste makes waste. The second flaw was economic illiteracy. Many of them did not know how wealth is created. Third, many of them misconstrued the notion of development to mean the absence of characteristics of the development. Most of them succumbed to the religion of development. This religion manifests itself in the following ways.

- Excessive preoccupation with sophisticated gadgetry, signs of modernism, an inclination to exalt anything foreign or Western as sanctified and a tendency to castigate the traditional as "backward."
- Tendency to emphasize industry or industrialization over agriculture.
- Misinterpretation of the so-called characteristics of underdevelopment as causes of economic "backwardness" and for development to mean their absence.
- Tendency to seek solutions to problems from outside rather than from inside Africa.
- Attempts to model African cities after London, Paris, New York, or Moscow. This religion of development contributed to the neglect and consequent decline of African agriculture. Agriculture was too "backward" and simply did not feature in the grandiose plans drawn up by elites to industrialize Africa.

4. Socialism as an economic ideology is alien to Africa for the following reasons. First, state ownership of the means of production was never part of Africa's indigenous system. The means to production were privately owned. Second, state interventionism was the exception rather than the rule. Third, price controls have never been part of the African economic heritage. This heritage comprises free village markets, free enterprise, and free trade.

5. Most oil refineries in Nigeria are state owned and have broken down for lack of repairs. Funds allocated for repair are often embezzled, squandered, or stolen. Thus not enough gasoline is produced. The problem is compounded by price controls, which make gasoline very cheap, generating a huge demand for the commodity. The combination of inadequate supply and a huge demand results in chronic shortages.

6. Nigeria could end fuel shortages by removing price controls and fixing its oil refineries. Admittedly, the price of gasoline would rise, but it would eliminate long queues at gas stations.

7. Prior to independence, Africa not only fed itself but also exported food. But postcolonial African leaders neglected and gave little assistance to the traditional sector where food is grown by peasant farmers. The traditional sector was castigated as backward and primitive. The leadership preferred industry over agriculture. Agriculture was not a worthy occupation and many of the youth drifted to the urban areas, exacerbating social problems. The leadership then instituted price controls to make food cheap for the urban elites—the base of their support. But price controls effectively destroyed the agricultural base and their incentive to produce.

8. No, for two reasons. First, if managed properly it would result in chronic surpluses and attendant problems of storage. It would also cost the government a large sum of money to implement this program. Second, and most importantly, the program is likely to be mismanaged, creating the opportunity for

corruption. This does not mean government should not help African farmers. It may do so by subsidizing inputs such as fertilizer, building feeder roads to evacuate food from the farms to markets and actually building markets. The government may also help peasant farmers with the provision of microcredit finance.

9. a. The program failed because it was forcibly implemented. Peasant farmers were forcibly removed from their ancestral land and relocated. They were given few implements and little assistance by the government. Many farmers rebelled against the program. The program cannot be justified on the basis of African heritage because at the village level, the African chief does not commandeer land and order people to farm. People do so on their own volition. They produce food on their own ancestral land, harvest the produce, which is used to feed their families, and then sell the surpluses at free village markets.

b. The program called ujamaa (familyhood) also failed in Tanzania for precisely the same reasons.

10. Indeed Zimbabwe was the bread basket of southern Africa in the 1970s, but its agriculture was ruined by a combination of factors. The first was the violent seizures of white commercial farmlands by war veterans, and the second was the imposition of price controls under Mugabe's program of Marxism. Price controls created artificial shortages of grain which necessitated importation.

11. President Mugabe could have achieved food sufficiency by: leaving well enough alone since Zimbabwe was already the food basket of the region; and by removing price controls and abandoning the program of Marxism. If an equitable distribution of land was a problem there were better ways of solving the problem than forcible seizures of white commercial farmland. For example, a buyer willing/seller willing program, which would have entailed purchasing farmland from white commercial farmers. The World Bank and United States as well as UK governments were willing to fund such a program. Scandinavian and Norwegian governments were also ready to assist.

CHAPTER 4 ANSWERS

1. Generally prices are determined by bargaining, which is influenced by the relative strengths of supply and demand. The greater the demand, the higher the price will tend to be and vice versa. However, additional factors affect the price paid and two consumers seldom pay the same price for the same commodity. The price difference may be explained by any of the following:

- The time of purchase; fish tends to cost more in the morning than in the evening;
- The relationship of the buyer to the seller; relatives tend to pay lower prices than strangers;
- There is price discrimination, with foreigners (whites) paying higher prices than locals; or
- The mood of the seller; if she is mourning, about to get married, etc.

2. Agriculture was the primary occupation of Africans, and the basic unit of production was the extended family. Each family constituted itself into a working unit or labor force and acted as an operative economic entity that produced goods and distributed the fruits of labor as its members saw fit, allowing for individual discretion and reward. Within the family, there was specialization of labor and sexual division of occupation. Different crops were raised by different members and certain tasks were reserved for women. For example, the cultivation of food crops (domestic staples) was almost everywhere a female occupation. These distinctions still persists as the majority of Africa's peasant farmers today are women. In Ethiopia, however, women raised goats in addition to farming.

When the food crops were harvested, the produce was used to feed the family and the surplus taken to the market for sale. Hence, the preponderance of women selling food crops at markets.

3. African peasants lack access to bank loans because of inability to provide collateral. So in general, they raise money for capital to start a business in four ways:

- From the family pot;
- A revolving rural credit scheme;
- From trade credit. For example, an import house may advise $50,000 worth of merchandise to Mme. Smith to sell and she repays the house in four months. Requires a large dose of trust and good recommendation to work; or
- Borrow from a nonfamily friend.

4. Similarities:

- Private ownership of the means of production; by individuals in the West, extended families in Africa;
- The resolution of the economic problem through the price mechanism in the market system; and
- Free markets are ubiquitous in Africa, not controlled by tribal governments, prices determined by bargaining; demand and supply.

Differences:

- Women play a prominent role in market activity in Africa;

- Profit is voluntarily shared in Africa.

5. a When the Europeans came to Africa and asked an African this question: "To whom does this land belong?" The African replied: "It belongs to us." Thereupon, the Europeans assumed that it belonged to all—every Tom, Dick, and Harry in the village. Hence, the myth of "communal ownership." In reality, the "us," meant the African's extended family, not the entire village.

b. Land is not communally owned. There are three types of land ownership. The first is land owned by extended families or clans. The second is unoccupied land appropriated by the chief which can be allocated to tribesmen on usufractural basis. The third is land that is privately and individually owned. Two problems arise with these categories. On the extended family-owned land, the problem is division of the land among surviving members of a deceased head of an extended family. On custodial land—land in custody of the chief—problems with ownership may arise.

6. a. Generally, tribal governments did not control any economic activity because they did not have the means to do so. Even if they did, they could be rendered ineffective because there were so many variables that could not be controlled. For example, anybody could become a fisherman and could go out to fish any day he chose. He did not need permission from the tribal government.

b. First of all, the chief must have cogent reasons to forbid somebody from fishing, otherwise his extended family may rise up against the chief. Even if the chief had a cogent reason, that person might go and fish somewhere else.

7. a. That is largely due to sexual division of labor. The cultivation of food crops was the preoccupation of women, who grew vegetables such as tomatoes in their backyards. Tasks that were considered dangerous and strenuous—such as defending the village and fishing were reserved for men.

b. When the food crops were harvested, the produce was used to feed the family and the surplus taken to the market for sale. Hence, the preponderance of women selling food crops at markets.

8. Such a misguided attempt would fail for several reasons: First, not all sellers may be subjects of the chief and may disobey the chief's order. Second, the market is characterized by freedom of entry and exit. Sellers unwilling to abide by the chief's edict may vote with their feet to trade somewhere else.

9. The abolition of the slave trade in the 1840s eliminated a cause bellum and made apparent the need to provide an alternative to the trade in human cargo. Toward this end, cash-crops were introduced into Africa. About this time, the industrial revolution was gathering momentum in Europe. Factories needed raw materials and markets for manufactured products. Colonies could provide both: raw materials and markets. Tribal wars and rivalries virtually came to halt, although they flared up occasionally. Their amelioration gave Africa a much-needed atmosphere of peace for productive economic activity. In addition, skeletal forms of infrastructure (roads, railways, bridges, schools, post offices, etc.,) were laid down during this period, which greatly facilitated the movement of goods and people. This infrastructural development really gave production and economic expansion a tremendous boost. The secret to economic prosperity in Africa is not hard to find. A mere three terms unveil this secret: peace, infrastructure, and economic freedom.

10. Although various analysts have attributed Botswana's success to its mineral wealth in diamonds, a combination of factors have contributed immensely to creating the environment vital for economic prosperity. Foremost has been the absence of civil and political strife. Botswana society is multiracial, composed of ethnic Batswana, Europeans, and Asians. These various groups live peacefully together. Blatant acts of discrimination or ethnic chauvinism are not common in Botswana. By contrast, violent ethnic clashes, senseless and endless civil wars, and civil strife rage in at least fifteen other African countries (Angola, Burundi, Chad, Congo, Eritrea, Ethiopia, Ivory Coast, Liberia, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda, and Zimbabwe).

Second, Botswana enjoys political stability. This stability was not engineered by a military dictator or by declaring the country to be a one-party state. Botswana is a parliamentary democracy based upon a multiparty system. The main political parties are the ruling Botswana Democratic Party, the Botswana National Front, and the Botswana People's Party. Multiparty democracy, contrary to the claims of Presidents Moi of Kenya, Kaunda of Zambia, and other African dictators, did not degenerate into "tribal politics" in Botswana.

Third, the Botswana government has pursued strikingly prudent economic policies, allowing pragmatism, rather than emotional rhetoric, to prevail. its' commitment to mixed economy has not been directed toward nationalization—no such takeovers have occurred—

but rather toward the provision of good infrastructural support. Revenues from minerals, customs union payments, and donor funds were devoted largely to investment in infrastructure and to providing greater public access to basic needs: water, health care, and primary education.

In Botswana, parastatals were only established to plug the gaps or overcome the deficiencies in the private sector, rather than to compete with or seek to replace the private sector, as was the case in many African countries, especially Tanzania, which took a "socialist" bent.

CHAPTER 5 ANSWERS

1. a. An economic crisis is an economic adversity that may arise from a sudden and unexpected turn of events; for example, a budget deficit because expenditures turned out to be higher than planned or revenue lower than expected because of tax evasion. Lack of development, on the other hand, is more of a structural problem, requiring long-term solutions. For example, low level of savings, low level of agricultural productivity, etc. A crisis may be temporary and may need short-term solutions.

b. It's important to distinguish between them because they require different solutions.

2. a. Reflects lack of development.
b. Will produce a crisis.
c. Reflects lack of development.
d. Reflects lack of development.
e. A crisis.

3. This externalist argument used to carry some credibility in the 1970s but not anymore. It is not entirely invalid but the internalist argument now holds sway. It focuses on bad leadership, poor governance, civil wars, corruption, capital flight, etc.

4. There were three reasons for the adoption of socialism. First, they misidentified colonialism with capitalism and having rejected the former, rejected the latter, too. Second, socialism was faddish in the 1960s. Third, some leaders felt they could not rely on the market even if they wanted to go capitalist.

5. The socialist experiment was nowhere successful in Africa. It did not succeed in Egypt, Ghana, Tanzania, or other countries. There were several reasons for this failure. Among them were the following: administrative ineptitude, alien ideology, and the tendency towards corruption and bribery, etc.

6. Largely because the environment that prevails in Africa is not conducive to investment, neither foreign or domestic. Among factors militating against investment are political instability, conflict, civil wars, corruption, excessive taxes, threat of nationalization, etc.

7. This is also largely true of Africa where decision-making is determined by the president and his inner circle of cronies. Favorable decisions may require buying access to this inner circle. Even if one has a legitimate business, it can be confiscated by an executive order with little compensation.

8. The industrialization drive did not succeed for several reasons. First, it was hastily planned and based more on emotion than economic rationale. Second, it was based on import substitution with little or no domestic industrial base. Third, the industries were also designed to serve political purposes and as such there was much political interference.

9. Africa's state-owned enterprises performed abysmally. Only a few did well. (Expect a couple of examples.) They failed because many were poorly designed—no feasibility studies, etc. They were managed by political cronies and party supporters and often overstaffed.

10. a. With the exception of Botswana, African leaders succumbed to the notion that Africa's indigenous institutions were inferior. They copied many models and systems from abroad and transplanted them into Africa. For example, Rome has a Basilica, so they built one in Yamoussoukro, Ivory Coast. The former Soviet Union was a one-party socialist state, so they established them in Ghana, Mali, Tanzania, Zambia, etc. Most of these imported systems failed miserably in Africa. (Expect explanations for why. For example, they did not fit into the sociocultural milieu.)

b. Such a model would start with building markets and linking them with roads. Then modernize the revolving rural credit schemes to enable entrepreneurs to borrow money. Politically, it would involve building upon the village meeting concept where decision-making is based upon consensus.

CHAPTER 6 ANSWERS

1. Students may discuss any of the following: The Lagos Plan of Action (1980); the African Priority Program for Economic Recovery (1985); the African Alternative Framework to Structural Adjustment (1989), the United Nations Program of Action for African Recovery and Development (UNPAERD); the United Nations New Agenda for African Development (UNNADAF); the Abuja Treaty (1991).

2. Many of them failed for some of the following rea-

sons: goals were too ambitious, lack of coordination among the African leaders, lack of investment capital, lack of consultation with the people, etc.

3. NEPAD was an attempt by African leaders to devise an economic plan for Africa that was not dictated by external agencies. This plan was to be presented to Western donors for $64 billion in support. It was modeled after the Marshall Plan which was used to rebuild Germany after WWII. It emphasized the responsibility of the Western colonial powers toward Africa because their policies—both past and present—have harmed Africa; for example, agricultural subsidies, import quotas, industrial policy of dumping manufactured goods in Africa, etc.

4. NEPAD failed for the following reasons: It relied almost exclusively on Western donors for funding. The objectives were vague. There was no consultation with African civic groups, and worse, the architects of NEPAD had no faith in their own program.

5. A better plan for Africa would focus on primary sectors such as agriculture and fishing; for example, if Africa can feed itself, it would save more than the $35 billion it wastes on food imports. The informal sector is another major sector to pay attention to because it employs vast numbers of poor people.

6. By the beginning of the 1980s, a serious economic crisis had emerged in Africa—foreign debt crisis, budget crisis, balance of payments crisis, etc. In May 1986, African leaders themselves collectively admitted their own culpability in causing the economic crisis. They subsequently went to the World Bank to sign up for the SAPs.

7. Under a Structural Adjustment Program, an African country undertook to devalue its currency to bring its overvalued exchange rate in line with its true value. Supposedly a more realistic exchange rate would reduce imports and encourage exports, thereby alleviating the balance-of-trade deficit. The second major thrust of SAP was to trim down the statist behemoth by reining in soaring government expenditures, removing the plethora of state controls on prices, rents, interest, and the exchange rate, while eliminating subsidies, selling off unprofitable state-owned enterprises, and generally "rationalizing" the public sector to make it more efficient. By 1989, thirty-seven African nations had formally signed up with over $25 billion in Western donor support. It is important to note that SAP was not imposed on African leaders unilaterally without their consent. They willingly and freely consented to adopt SAP.

8. SAPs failed for a variety of reasons: though the medicine was right (expect an explanation why), we had the wrong doctor and the wrong nurse using the wrong tactics. The nurse was the worst part. He did not believe in the medicine he was administering, nor was he willing to reform economic and political systems for several reasons: reform could be interpreted as admission of failure, reform could mean loss of power; cronies and supporters may block reform, etc.

9. *"Commodity-backed Loans"*
Suppose China gave Brazil a $3 billion loan at 10 percent compounded for five years, backed with the country's oil production. Total payment after the five years would amount to $4.83 billion. Equal monthly repayments would come to $805,166. Each month, Brazil exports 8,000 barrels of oil to China. If the spot market price for oil is $110 per barrel, the value of the oil export is $880,000, which China places in Brazil's account. Then China subtracts $805,166 as loan repayment. This leaves $74,834 in the account for Brazil. The loan is not tied to anything and Brazil can use it as it sees fit. It is a win-win for both countries.

"Infrastructure-for-Resources" Deals
The "infrastructure-for-resources" deals China was offering Africa were akin to the infamous "supplier's credit" schemes used to fleece Ghana in the late 1960s. Under that scheme, a contractor for a project in Ghana did his own feasibility study, estimated the cost of the project and arranged for the financing himself. Obviously, the contractor won't reject his own project based upon his own feasibility study; nor did he have any incentive to reduce costs by seeking the cheapest sources of materials or finance. This type of financing was fraught with several problems. The potential for graft was enormous.

It was a closed shop. It was barter deal. It left China in a strong bargaining position.

10. Students may discuss either one of these two:
A $23 Billion Deal for Nigeria
A typical deal was the $23 billion deal China signed with Nigeria—an oil-producing country that does not produce enough refined petroleum products for its people and must import 85 percent of them. China would build three refineries with a combined capacity of 750,000 barrels a day that exceeded the domestic demand of some 450,000 b/d. In exchange, China wanted to grab one-sixth of Nigeria's 36 billion barrels of oil reserves (*Financial Times*, May 15, 2010, http://on.ft.com/wkh4vn).

The first problem was overcharging Nigeria. The price tag of $8 billion for a refinery with the capacity

of 250,000 b/d was simply outrageous.

Second and even more outrageous was what China was demanding in exchange—a sixth of Nigeria's 36 billion oil reserves. A simple multiplication by the then price of oil at $107 a barrel yielded $642 billion, which was what China was demanding for a $23 billion infrastructure project.

A $3 Billion Deal for Ghana
China offered Ghana a $3 billion loan on barter terms. The loan was to be used to rehabilitate portions of Ghana's dilapidated railway system, build infrastructure to capture gas that would otherwise be flared from oil production, and reconstruct roads. In exchange for the loan, China demanded a daily supply of Ghana crude of 13,000 barrels—the entire portion of the Government of Ghana's share in Jubilee Oilfields—for the next fifteen and a half years! The ruling NDC government, which had a majority in Parliament, agreed to sign the deal (*Daily Guide*, February 29, 2012, http://bit.ly/xfmQdP).

A few strokes on a calculator reveal that over the fifteen and a half year period, 74 million barrels of oil would be shipped to China. The $110 per barrel value at the then price of crude oil in 2010, worked out to be $8.1 billion. Nice repayment for a $3 billion loan.

In these "sweet and sour" deals (sweet for China but sour for Africa), there were additional sweeteners. Infrastructure construction and rehabilitation would be undertaken by Chinese firms, which would bring in their own workers and materials. Additionally in the case of Ghana, they also had the first right of refusal to purchase any gas that was captured by the gas infrastructure they were building.

11. It seems China derived more benefits than Africa in that relationship. Africa was hurt with the dumping of cheap Chinese manufactures and textiles; resources sold at too cheap prices, propping up autocratic corrupt regimes in Africa, etc. But China should not be blamed—it was pursuing its interests, not Africa's.

12. It seems the real intention of China in Africa was four-fold. The first was to elbow out Western companies and gain access to Africa's resources at rock-bottom prices. How the people of these countries fared or benefitted was of no significance. The second was to canvass for African votes at the United Nations in its quest for global hegemony. In this sense, the Chinese were no different from the French, who used Francophone Africa to project "la grande France." The third was to seek new markets for Chinese manufactures as European markets became saturated with Chinese goods. The fourth was to seek African land to dump its surplus population.

13. Africa does not need foreign aid because resources it needs to develop can be found in Africa itself. Africa wastes resources: on food imports, civil wars, arms expenditures, maintenance of the military, capital flight, corruption, etc. Saving these resources would be more than the annual foreign aid Africa receives.

14. Foreign aid programs failed for a variety of reasons. From the donors' side, foreign aid programs were encrusted with red tape, influenced by geopolitical considerations, lack of oversight and accountability, leader-centered, etc. From the recipients' side, foreign aid was used to fund grandiose projects, plagued by corruption, etc.

CHAPTER 7 ANSWERS

1. Government as it is generally known, has ceased to exist in most African countries. "Government," as an entity, is totally divorced from the people and perceived by those running it as a vehicle, not to serve, but to fleece the people. The African state has been reduced to a mafia-like bazaar, where anyone with an official designation can pillage at will. So what we have in many African countries is a "pirate or gangster state" a government hijacked by a phalanx of gangsters, thugs, and crooks who use the instruments of the state to enrich themselves, their cronies, and tribesmen. All others are excluded (politics of exclusion). The richest persons in Africa are heads of state and ministers. And quite often, the chief bandit is the head of state himself.

2. It has the following characteristics: First, it takes over and monopolizes all key state institutions, such as the police, the judiciary, the media, the central bank, etc. These institutions are then subverted to serve the interests of the ruling cabal. Second, they use the state machinery to enrich themselves. Third, they use the state institutions to persecute their rivals and perpetuate themselves in power.

3. Angola, Equatorial Guinea, Nigeria, or Kenya may be good examples. Expect explanations why; for example, the extent of corruption in the country.

4. Eventually, the "vampire African state" implodes, sucking the country into a vortex of savage carnage and heinous destruction: Liberia, Rwanda, Somalia, Sudan, and Zaire. The process varies but its onset follows two predictable response patterns.
First, those exploited by the vampire state are eventually driven to exercise the "exit option": leave or

reduce their exposure to the formal economy by smuggling and taking their activities to the underground economy or the black market. This deprives the state of tax revenue and foreign exchange. Over time, the formal economy progressively shrinks and the state finds it increasingly difficult to raise revenue as taxes are massively evaded, leading the ruling vampire elites to resort to printing money and inflating the economy.

5. One word, power, explains why Africa is in the grip of a never-ending cycle of wanton chaos, horrific carnage, senseless civil wars and collapsing economies: The struggle is for power, its monopolization by one individual or group, and the subsequent refusal to relinquish or share it. Since politics constitutes the gateway to fabulous wealth in Africa, the competition for political power has always been ferocious. The "winner takes all" so competitors must fight to "their very last man"—even if it means destroying the country. Political defeat could mean exile, jail, or starvation.

Those who win power capture the state and proceed to transform it into their own personal property. State institutions, such as the military, the judiciary, the media, the civil service, police, and the banking system, are taken over and debauched. Key positions in these institutions are handed over to the president's tribesmen, cronies, and loyal supporters—to serve their interests and not those of the people or the nation. Meritocracy, rule of law, property rights, transparency, and administrative capacity vanish. These developments have a deleterious impact on economic growth.

6. The following individuals and how much they embezzled may be mentioned:
Daniel arap Moi (Kenya): $1–3 billion
Mobutu Sese Seko (Zaire, now DR Congo): $1–5 billion
Charles Taylor (Liberia): $5 billion
The late Gen Sani Abacha (Nigeria): $5 billion
Omar al-Bashir (Sudan): $9 Billion
Gen. Ibrahim Babangida (Nigeria): $12 billion
Ben Ali (Tunisia): $13 billion
Hosni Mubarak (Egypt): $40 billion
Muammar Gaddafi (Libya): $200 billion

7. What breeds corruption, bribery, and other types of malfeasance in Africa are the following: the system of pervasive state controls and regulations; concentration of economic and political power in the hands of the state or one individual; the institution of one-party state systems which lack accountability; the muzzling of the press to expose corruption; the perversion of the judicial system, banishing the rule of law; and an elite culture that tolerates high levels of corruption. Obviously, it would be futile to rail against corruption and still keep in place the very system that breeds it.

8. Corruption has several deleterious effects on economic development. First, it breeds inefficiency and waste. Contractors and suppliers fail to deliver. Who you are and how big a kickback you offer matters more than how well or efficiently you perform a job. As a result, work done is shoddy: Roads are poorly constructed and wash away at the first drop of rain. Telephones refuse to work. Postal service is non-existent and the entire communication system is a shambles, costing the country billions in lost output.

Second, corruption aggravates the budget deficit problem. Expenditure figures are padded. Ghost workers proliferate on government payrolls. Third, corruption drives away foreign investors. Fourth and finally, corruption leads to economic contraction and collapse.

Africa's experience shows that a corrupt government is incapable of efficient economic management and eliciting the sacrifices necessary for the development effort. A corrupt African government cannot attract foreign investment or spur domestic investment. Like the colonial state, the predatory African state is also extractive. Under colonialism, Africa's resources and wealth were plundered for the development of metropolitan European countries. Today, the tiny, parasitic ruling elites use their governing authority to exploit and extract resources from the productive members of the society. These resources are then spent lavishly by the elites on themselves or siphoned out of Africa.

9. Western companies participated in the looting of Africa. Western donors and multilateral institutions cast a blind eye to corruption in Africa. Western banks received stolen money from Africa. For example, during the Cold War, Western Cold War allies, such as Ferdinand Marcos of the Philippines and Mobutu of Zaire, were looting their countries blind. The donor agencies knew about these leaders' motivations and activities. Patricia Adams of Probe International, a Toronto-based environmental group, charged that, "in most cases, Western governments knew that substantial portions of their loans—up to 30 percent, says the World Bank—went directly into the pockets of corrupt officials, for their personal use" (*Financial Post*, May 10, 1999).

The West knew that billions of dollars were being transferred to Swiss banks by greedy African leaders. "Every franc we give impoverished Africa, comes

back to France or is smuggled into Switzerland and even Japan" wrote the Paris daily, *Le Monde*, in March 1990. Said *The Economist* (January 17, 2004): "For every dollar that foolish northerners lent Africa between 1970 and 1996, 80 cents flowed out as capital flight in the same year, typically into Swiss bank accounts or to buy mansions on the Cote d'Azur" (Survey, 12).

The World Bank itself estimated that "nearly 40 percent of Africa's aggregate wealth fled to foreign bank accounts" (*Washington Post*, November 25, 1999; A31). And what did the World Bank do to stop this looting? Shamefully, nothing.

10. Development does not occur in a vacuum but in an environment. Various government legislation, policies (taxes, duties, and subsidies), institutions, and attitudes shape this environment. Thus, politics, law, ecology, and culture all form part of what may be called the development environment. When this environment is such that it encourages or induces people to greater effort, it is described as "enabling" or "conducive" to productive effort. Although an "enabling environment" is an intangible, amorphous concept, certain pertinent features can be isolated for purposes of study with respect to their impact on development. The World Bank (1989) identified "incentives and the physical infrastructure" as crucial. But a more expansive set of requirements for an "enabling environment" would include the following:

- Security of persons and property
- System of incentives
- Rule of law
- Basic functioning infrastructure
- Stability: economic, political, and social
- Basic freedoms: intellectual, political, and economic

11. The constitution and the system of laws define the parameters or the legal framework within which economic activity or competition takes place. If the parameters are constantly being shifted or violated, confusion, uncertainty, or even chaos may result. Economically, it is difficult to make investment plans when laws are suddenly abrogated and new decrees issued without notice and to take immediate effect. People cannot be expected to follow rules when the authorities themselves flout the law or apply it capriciously to favor one person over another. It would not be fair to a competitor to see a rival company blatantly violating the law while the authorities look the other way. And yanking a company's license to operate simply because the president of the country dislikes the owner's political views or ethnicity can have a chilling effect on business investment and innovation.

The importance of rule of law was driven home by Professor Ernest Aryeetey, the Vice-Chancellor of the University of Ghana in a speech delivered on October 31, 1998, at Achimota School:

> Essentially, the constraints to achieving our goals and aspirations in the 21st Century is tied to the disjuncture between our consumption patterns and our production systems. The problem is that, given the opportunity, Africans would like to consume everything that modern economies can produce or offer. These are often described under the fanciful expression of "consumer durables," capturing refrigerators, radios, television sets, cars, bicycles, cookers, microwave ovens, etc. But these are produced within definite economic structures that are informed by definite social structures, norms, and practices. Those who produce them do so because they can borrow from banks and the capital markets to finance the production. They can borrow because the states have put in place laws and regulations that protect the lender against crooked borrowers. Those laws are in place because those societies ostensibly believe in the rule of law. In turn, the rule of law has been established in order to protect individual property rights while taking into account their societal obligations. It is in a society that individual rights and privileges are guaranteed that we will see innovation. And innovation is an essential ingredient to the process of modernization of economies." (*Public Agenda*, January 4–10, 1999, 11)

To ensure that the rule of law prevails, the most fundamental prerequisite is the existence of an independent and impartial judiciary. That is, the bench must be free from government control or manipulation. The judges must not all be appointed by the president or hail from his ethnic group. And judges must be free to deliberate on issues without fear of incurring government displeasure and even to reach verdicts against the government without fear of being abducted and murdered—as happened to three Ghanaian judges in 1982.

12. There are various types of stability—political, social, and economic stability. They are all important because a stable environment is needed to plan for the future. However, economic stability is most crucial and this has two aspects—price and monetary stability. The case of Zimbabwe may be discussed where hyperinflation rendered the currency worthless.

13. Economic actors (producers and consumers) must have some measures of freedom to make decisions. At the individual level, a farmer, for example, must be free to determine what type of crops to cultivate, how much of his produce to consume with his family, where the surplus must be sold, and at what price. The government cannot make these decisions for millions of farmers. Similarly, consumers must be free to determine for themselves what products to purchase and at what prices. If an item is too expensive, a consumer may decline to purchase it, buy a substitute, or produce the item himself. Nobody knows what is best for the consumer better than the consumer himself. Consequently, economic actors must have the freedom to make these decisions for themselves.

The purpose of development is to raise the living standards of the people. Common sense mandates that those whose lives are being improved ought to have a say or participate in the development decision-making process. How does one know what peasant farmers want and if their needs are being satisfied? A February 1990 conference in Arusha, Tanzania, hammered home precisely this theme. The conference stated in its African Charter for Popular Participation in Development Transformation:

> We affirm that nations cannot be built without the popular support and full participation of the people, nor can the economic crisis be resolved and the human and economic conditions improved without the full and effective contribution, creativity and popular enthusiasm of the vast majority of the people. After all, it is to the people that the very benefits of development should and must accrue. We are convinced that neither can Africa's perpetual economic crisis be overcome, nor can a bright future for Africa and its people see the light of day, unless the structure, pattern and political context of the process of socio-economic development are appropriately altered. (*Africa Forum*, 1991; 14)

CHAPTER 8 ANSWERS

1. "Reform" means fixing the political and economic systems as well as the institutions, so that they can perform or do what they are supposed to. For example, the judiciary is supposed to enforce the rule of law. If judges are corrupt, the rule of law cannot be enforced. The political system needs to be reformed to become more democratic. The economic system, as well, should be reformed, which was the object of Structural Adjustment Programs (SAP)—to roll back the pervasive influence of the state and place more reliance on the private sector.

2. Sustainable, long-term development for Africa—or the blueprint for Africa's prosperity—entails a four-step reform process. The first step involves "changing the driver"—replacing the corrupt, incompetent, sit-tight "life-presidents" with more capable leaders. The second step requires fixing the ship of state that is kaput. Reform requires constitutional and institutional reforms. Obviously, a constitution that concentrates a great deal of power in the hands of one buffoon, who bans opposition parties and declares himself president for life, should be repealed. Power needs to be decentralized and the politics of exclusion replaced by the politics of inclusion. The third step entails "cleaning up the environment." Civil wars, armed banditry, corruption, capital flight, and military vandalism must end. Infrastructure must be repaired to ensure reliable supplies of social amenities such as clean running water, electricity, phone service, health care, and education. The rule of law must be enforced. Elections must be free, fair, and open. Meritocracy must be upheld in the civil service. Meaningful development cannot occur in a country engulfed by civil war. No one would invest in such a country, except perhaps arms merchants.

Once all the three steps have been taken, the fourth step requires laying down a development strategy to get from point A (state of underdevelopment) to point B (developed state) faster. Admittedly, each African country is "different" and one size or strategy may not fit all. But there are enough commonalities to delineate what should not be done. It should be obvious that the appropriate development strategy cannot be the failed "import-substitution" industrialization strategy of the 1960s.

3. For purposes of governance, a society has seven key institutions: the civil service, the judiciary, the media, the security forces (military, the police or law-enforcement), the electoral commission, parliament, and the central bank. Each institution has a specific function to play and should not be cross-matched with different functions. For example, the role of the military is to defend the territorial integrity of the nation and protect its citizens, while that of the judiciary is to enforce the rule of law and dispense justice fairly. Having soldiers run the government is a mismatch because they are not trained as such; they are trained only to fight and kill an enemy.

For these seven institutions to operate well, they must be independent and free of interference from

any quarter. They must also watch each other, thereby providing institutional checks and balances. While parliament must watch over the executive to ensure that it is not spending recklessly, the president must also watch to see that judges are not on the take. When all these institutions are working well, good governance is said to prevail—akin to saying that a vehicle is in good working condition when all of its systems are working well. Good governance also means that an enabling environment exists; that is, the judiciary upholds the rule of law and the security forces ensure security of persons and property, among others. Thus, good governance requires, first, independent institutions and, second, each institution to be working well.

4. These seven institutions are imperative:

- Parliament, a functioning body that is attuned to its functions, exercising real oversight on the executive and not just serving as a rubber-stamp parliament.
- An independent central bank must assure monetary and economic stability, as well as stanch capital flight out of Africa. If possible, governors of central banks in a region, say, West Africa, may be rotated to achieve such independence.
- An independent judiciary is essential for the rule of law. Supreme Court judges may also be rotated within a region.
- A free and independent media to ensure free flow of information.
- An independent electoral commission.
- An efficient and professional civil service, which will deliver essential social services to the people on the basis of need and not on the basis of ethnicity or political affiliation.
- Neutral and professional armed and security forces.

For each institution to work well, it must police itself to ensure that its officials abide by certain professional and ethical principles, collectively known as "the code." Thus, there is the civil service code and then the military code, the bar code, parliament code or protocol, etc. It is absolutely imperative that the head of state should not be allowed to go anywhere near institutional reform because it involves a conflict of interest. For example, a society needs institutional checks and balances to rein in an autocratic president. Obviously, one cannot ask the president to oversee the reform of an institution that will check his arbitrary use of power. These institutions must be established by civil society.

5. Changing the leader through democratic elections alone would not mean much if the state vehicle had broken down. The experience of several African countries in the 1990s is instructive at this juncture: some leaders were merely changed without fixing their dilapidated systems/institutions: Zambia in 1991 (from Kenneth Kaunda to Frederick Chiluba); Liberia in 1996 (from Samuel Doe to Charles Taylor); Ivory Coast in 1999 (from Konan Bedie to Robert Guie in 1999 and from Guie to Laurent Gbagbo in 2000); and Nigeria in 1999 (from Abusallam Abubakar to Olusegun Obasanjo). Therefore, questions of accelerating development (becoming a developed state) must be deferred until the state system is fixed. We can argue forever whether this situation inherited from the colonialists was defective or not, but that would be pointless. As Africans themselves often say, "We struggle hard to remove one cockroach from power but the next coconut-head comes to do the same thing."

6. The military has failed Africa in many respects. First, it has unnecessarily intervened in politics through coups d'état, creating political instability. Second, soldiers have exhibited poor leadership. Third, military rulers have been the most corrupt. Fourth, many of the collapsed and failed states were caused by military dictators.

7. Scientifically, effective resolution of a problem requires taking five basic steps. The first is to expose the problem, which normally is done through the media (newspapers, magazines, radio, TV) and public fora (conferences, seminars, workshops, and speeches) and by civil society. That is the business of intellectuals, journalists, editors, and writers. Exposure is often difficult because of intellectual repression—denial of freedom of expression, of the media, and intolerance of different opinions.

The second is to diagnose the causes of the problem. Too often, the causes are attributed to external factors. The third is to prescribe a solution. External solutions are often prescribed. The fourth is to implement the solution, and the fifth is to monitor the solution. Most often the solution is implemented halfheartedly—for example, the World Bank Structural Adjustment Program (Chapter 6).

8. Little progress has been made because the institutions needed to fight corruption have been compromised: the media, attorney general, parliament, and the judiciary. For example, the media is controlled by the government in most African countries and does not expose incidences of corruption. Private media that does so is punished; journalists have been killed and jailed for exposing corrupt practices.

9. Not very effective. The typical African government approach to fighting corruption is to set up an officious mind-numbing anti-corruption commission or task force with a twist of chicanery. It is a like a bunch of crooks asking another set of crooks to catch a thief. A czar is appointed amid pomp and pageantry. But he is given no prosecutorial powers, nor sufficient budget. Even then, if the anticorruption czar sniffs too close to the "fat cats," he is instantly slapped down, sacked, or worse. Such was with John Githongo of Kenya. He had to flee the country in 2005 because of threats on his life. Further, Kenya's judicial system often fails to work because the judges may be corrupt or may be bribed to halt or stall investigations.

Anti-graft campaigners claim that over the last decades the courts have been staunch allies of those accused of corruption and that there was a long list of cases relating to corruption in the courts where judges consistently took the side of those accused of graft against investigators seeking to have them convicted. Zambia's czar was sacked in August 2009 and, in South Africa, the Scorpions—the country's effective graft-busting unit—was dissolved in February 2008. In Tanzania, the anti-corruption czar, Hosea Williams, was himself implicated in a corruption scandal! "Zimbabwe Anti-Corruption Commission chief executive Ngonidzashe Gumbo, was himself jailed for 10 years for defrauding the commission of $435,000."

10. In the case of Ghana, the government has a controller and accountant-general, auditor-general and attorney-general. These are the three key officials to target in the war against corruption. One also needs only three key institutions to combat corruption:

- A free media to expose it. "He who conceals his disease cannot expect to be cured," says an Ethiopian proverb.
- An aggressive attorney general to prosecute corruption.
- An independent judiciary that enforces the rule of law and punishes the corrupt for all to see.

However, if the developmobile is kaput, these institutions may be dysfunctional as well. The only way to fix the vehicle and strengthen the institutions is by reforming them. The normal cleansing system can be strengthened by:

- Making the accountant-general, auditor-general, and attorney-general independent of the executive by having them appointed by parliament, not the president.
- Setting up a directorate on corruption and economic crime that is independent of the executive and reports to parliament, as Botswana has done,
- Implementing additional measures, such as "Report Bribe-Takers for a Reward" and a "Whistle Blower" program.

CHAPTER 9 ANSWERS

1. A development strategy or model is primarily concerned with how best or how fast can income per capita be raised. A model can be constructed from the top down or from the bottom up. It may be centered in the urban or rural areas. It may also include or exclude the participation of local chiefs, and so on. It should be obvious that the appropriate development strategy cannot be the failed "import-substitution" industrialization strategy of the 1960s. However, before discussing appropriate developing strategy, which is how to get to our destination faster, it is important to begin with the assumption that our vehicle has been fixed and is in good running condition. If it is not, then whatever system is malfunctioning must be repaired before continuing on.

An investment strategy, on the other hand, assumes that one already has a developmental model and a certain amount of funds to invest. Thus, the primary question would be where to invest the funds. Which sector industries or activities is best—food preparation, transportation, fishing, telecommunications, auto mechanics, etc.?

2. Because the "import-substitution" industrialization strategy of the 1960s failed. Furthermore, development was urban-centered, neglecting traditional and informal sectors, where the vast majority of the poor lived. If one wants to lift the poor from poverty in Africa, informal and traditional sectors would be the primary focus of development policy and action, because those are areas where the vast majority of the African poor can be found. But the traditional and informal sectors were precisely the sectors the ruling elites castigated as "primitive and backward" and ignored in the postcolonial era. They channeled much of the development resources and foreign aid to develop modern sectors where they themselves lived. Over 70 percent of Ivory Coast's development, for example, was concentrated in Abidjan, the capital city. In Kenya, the capital city, Nairobi, received far more attention than rural sectors. Elites built supermarkets and malls for themselves and ignored basic needs for roads, health care, and schooling in poorer areas. African needs a pro-poor development strategy.

3. To improve the standard of living of the poor requires pursuing policies and growth strategies

that positively impact the sectors where the poor are numerous. An African economy consists of three sectors: the traditional or rural, the informal or transitional, and the modern. The traditional and informal sectors are the homes of the vast majority of the poor people of Africa—the peasants. They produce Africa's real wealth—cash crops, minerals, etc. Agriculture is their main occupation. The informal sector, erroneously castigated in economic literature as a haven for tax evaders, is, rather, a vibrant sector, bustling with entrepreneurship. It can serve as a dynamic engine for growth.

4. Yes, for three reasons. First, that is where the poor can be found. If one is interested in uplifting the poor, neglecting or destroying their sectors makes little sense. Second, those sectors are part of their heritage. Instead of destroying it, the elites should build upon, improve upon, or modernize it. What is there is Africa's own indigenous economic heritage of free village markets, free enterprise, and free trade. Third, investments in these two sectors do not cost very much but can generate much employment and growth.

5. The traditional and informal sectors are the homes of the vast majority of the poor people of Africa—the peasants. They produce Africa's real wealth—cash crops, minerals, etc. Agriculture is their main occupation. By contrast, the modern sector—the seat of government—is the abode of the parasitic ruling elites. It is bloated, slow to move, and riddled with waste, inefficiency, and graft. This sector is lost, dysfunctional, and collapsing. It is non-reformable because the ruling elites are loath to reform it as they benefit from the rotten status quo.

The modern sector has also been the source of most of Africa's problems, the center of the power struggles that spill over and engulf the other sectors, claiming innocent victims. Certainly, if one wants to lift the poor from poverty in Africa, the informal and traditional sectors would be the primary focus of development policy and action because those are the areas where the vast majority of the African poor can be found. But the traditional and informal sectors were precisely the sectors the ruling elites castigated as "primitive and backward" and ignored in the postcolonial era. They channeled much of the develop**ment** resources and foreign aid to develop the modern sectors where they lived. What about the poor? Consider the Wakulima Market in Nairobi where the poor shop and do their business. It took thirty years of neglect before it was finally cleaned up.

6. Africa's foodstuffs are produced by peasant farmers—mostly women—in the traditional and informal sectors, which were repeatedly buffeted by neglect and government-induced adversities. First, African governments scarcely gave any attention, much less assistance or incentives to these sectors. Markets were destroyed in Ghana in Zimbabwe. Second, the alien economic and political systems Africa's nationalist leaders and elites transplanted into Africa failed to work—a double whammy. Third, the marauding statist interventionist behemoth destroyed Africa's productive base by imposing price controls, which killed the incentive to produce and created artificial shortages. Black markets, which never existed in traditional Africa, suddenly emerged, providing rich opportunities for rent-seeking activities and illicit enrichment through bribery and corruption. Civil servants also invented "shortages" of application forms in order to extract bribes. Import and exchange controls were the most lucrative. Ministers demanded 10 percent commission before issuing import licenses. The rest is history.

7. First, too many projects were crafted and funded with World Bank funds without even bothering to consult or seek the input of those the projects were intended to benefit. Second, many projects were ill-conceived—grandiose and prestigious. Third, projects were centered in the urban areas. Fourth, many programs were riddled with graft.

8. Yes, the Japanese were able to modernize their indigenous institutions to make them more efficient but without destroying them. Apart from Botswana, African nationalist leaders and elites never met this challenge elsewhere in postcolonial Africa. Foreign systems and paraphernalia were aped because they were "modern." Traditional Africa was shunned and the peasants held in contempt by the elites. Peasant agriculture was dismissed as an inferior form of occupation. As such, no organic development took place from the bottom-up. Instead, what occurred in postcolonial Africa was "development-by-imitation." [Expect some examples. Rome has a Basilica, etc.]

9. In the rural and informal sectors, capital funds are generally scarce. There are banks, but the banks are hardly an option for the poor since banks demand residential or postal addresses which the poor do not have, as well as collateral. Before opening accounts, banks also demand a minimum deposit of 50,000 cedis in Ghana, as well as evidence of regular income, impossible for most petty traders to provide since they keep records in their heads.

To secure their initial start-up capital for their fishing and commercial operations, the poor turn to two traditional sources of finance: the "family pot" and a revolving credit scheme, called susu in Ghana, esusu in Yoruba, tontines or chilembe in Cameroon, and stokvel in South Africa. The second option is most popular with peasants. They still secure their capital through their revolving credit schemes. In Ghana, the majority of susu clients are women, who form between 70 to 90 percent of susu clients. They are mostly petty traders and have difficulties with satisfying the banks' conditions for accepting customers.

10. A Village Development Council or committee (VDC) is established under a traditional ruler, say, a chief, who still commands authority and respect. The chiefs are important human assets: they are closer to the people, understand their needs, and command their respect. It defies common sense to exclude them in any rural development model. The Village Development Council may provide some basic infrastructure and the following services on a 50–50 cost-sharing basis with either a district or a regional administration: build simple schools for elementary education; provide clean water through the construction of bore wells; build simple clinics; and encourage the interaction between traditional and modern medicine. The vast majority of African peasants still rely on traditional medicine either because of the lack of access to modern medicine or due to the collapse of the health care infrastructure. Other responsibilities may include building a civic center or hall, a market, and feeder roads. An example would be the five-year development plan drawn up by the Akrodie Traditional Council to improve the area.

11. The cultivation of food crops is by Africa's peasant farmers, the vast majority of whom—over 70 percent—are women. The harvest is carried on the head to the homestead and stored. Part is consumed, part rots (about 30 percent) due to poor storage facilities, and the surplus is transported to the market for final sale to consumers. Thus, the peasant farmer produces food, transports the produce from farm to village, stores it, takes the surplus to the market and transports unsold produce back to the homestead.

There are several links in this chain process. A break in any link may cause food scarcities at the market, which may not be due to inadequate production. Such breaks are caused by labor shortages, transportation difficulties, and lack of markets or buyers. For harvesting and transportation of the produce, peasant farmers rely on their children and extended family members. But the children now attend school and the young and able-bodied migrate to the urban areas. As a result, rural Africa has been hit by persistent labor shortages. Peasant farmers carry what they can, leaving the rest to rot on the farms. The poor state of Africa's secondary or feeder roads also make it difficult to get whatever surplus there is to the market.

There have been documented cases upon cases in Ghana, Mali, and Nigeria where the urban areas faced food shortages at times when food was rotting on the farms because of transportation difficulties. In the early 1990s, there were similar recorded cases of bumper catches of fish rotting on the beaches in Ghana. The government at the time claimed it could not assist the native fishermen because its cold storage facilities had broken down.

12. Indeed, tomatoes rotting, garbage piling up, inadequate fish production, rotting palm fruit, and foodstuffs on the farms are all business opportunities. [Expect an example such as The Pwalugu Tomato Project. Peasant farmers at Pwalugu in the Talensi District of the Upper East Region, grow tomatoes. In 2004, the government encouraged them to grow more tomatoes, assuring them that it would rehabilitate a broken down tomato factory and purchase their produce to feed the factory. The farmers took the government's word for it and dramatically increased production. But the government did not live up to its end of the bargain and rehabilitate the factory. So many farmers found themselves with tons of harvested tomatoes they couldn't sell. The lives of many were ruined and a few even committed suicide.]

13. African elites may be classified into two groups: the Hippo and the Cheetah generations. The young and angry Africans are the "Cheetah Generation" or the "restless generation." They are Africa's new hope—dynamic, intellectually agile, pragmatic, and entrepreneurial. They look at African issues and problems from a totally unique perspective. They do not brood over the legacies of the slave trade, Western colonialism, imperialism, the World Bank or an unjust international economic system. To the Cheetahs, this "colonialism–imperialism" paradigm, in which every African problem is analyzed, is obsolete and kaput. The Cheetahs respectfully acknowledge the contributions of Africa's first generation of nationalist heroes such as Kwame Nkrumah, Jomo Kenyatta, Kenneth Kaunda, and Julius Nyerere but do not relate to them or their ideas.

By contrast, the "Hippo Generation" comprise many

African leaders, intellectuals, or elites, who, suffering from intellectual astigmatism, are stuck in their muddy colonialist pedagogical patch. They are of the old 1960s era and mentality—stodgy, pudgy, and wedded to the old "colonialism–imperialism" paradigm. Everything that went wrong in Africa was the fault of colonialism or some imperialist plot. With an abiding faith in the potency of the state, they sit tight in their air-conditioned government offices, comfortable in their belief that the state can solve all of Africa's problems. All the state needs is more power and more foreign aid. And they would ferociously defend their territory since that is what provides them with their wealth. They couldn't care less if the whole country collapses around them; they are content as long as their pond is secure.

The Cheetahs are not so intellectually astigmatized. Whereas the Hippos constantly see problems, the Cheetahs see business opportunities. The Cheetah Generation has no qualms about getting their hands "dirty." They recognize that money can be made by solving the problems of the poor, and there is nothing immoral about that. In fact, that is how the rich in the rich countries made their money, by creating a product or service that addressed the needs or problems of the people. Bill Gates, for example, made billions in fortune by creating Microsoft computer software.

14. They may sketch a profile of any of the Cheetahs featured in the text.

CHAPTER 10 NO QUESTIONS

"George Ayittey's **Applied Economics for Africa** is essential reading for anyone interested in economic development, whether in Africa or broadly. Most importantly, Ayittey makes clear that while certain development issues are unique to particular African countries, or to Africa as a whole—because of historical accidents, specific institutions, or the legacy of colonialism—that in no way immunizes Africa from the fundamental laws of economics, which apply in Africa as elsewhere. That means, in particular, that free markets are the key to rising wealth and freedom in Africa, and that interventionism has the same counterproductive effects as elsewhere. The right policy prescription for African countries is economically simple, if politically challenging. **Applied Economics for Africa** makes all that and more abundantly clear while providing thoughtful and compelling analysis of Africa's economic history and development."

–Prof. Jeffrey Miron, Department of Economics, Harvard University Director of Economic Studies, Cato Institute

"This is African economics for Africans written by an African. The principles it teaches are universal and profoundly important. What makes it special, and a winner, is simplicity and clarity of style, abundantly illustrated in African contexts. Students can relate the text and lessons to their own lives, and see how what they know and do in their economies combines with that of others to better the lives of all. **Applied Economics for Africa** is a winner."

–Prof. Vernon L. Smith, George L. Argyros Endowed Chair in Finance and Economics, Chapman University; Nobel Prize Laureate in Economic Sciences

"The book you hold in your hands is Africa's economic story. With the rise of what Dr. Ayittey has termed the '**Cheetah Generation**'—young entrepreneurs with vision to apply the principles in this book—the promise of a brighter future has never been stronger. Dr. Ayittey artfully uses examples familiar to African readers to explain with remarkable clarity the useful tools of economics to understand the complex reality around us. This is a powerful introduction to the practice of market economics. The theory is intellectually beautiful, all the more so because it has proved so useful around the world. May it prove so in Africa as well."

–Prof. Thomas J. Sargent, W. R. Berkley Professor of Economics and Business at New York University; Nobel Prize Laureate in Economic Sciences

"The degree of economic literacy among African students, teachers, and policymakers is appallingly low. It has resulted in serious and avoidable mistakes and damage to many postcolonial African economies. Dr. George Ayittey's **Applied Economics for Africa** is long overdue and timely. It is a serious attempt to ratchet up economic literacy and thereby help to arrest Africa's economic decline and remedy earlier damage caused by misguided economic policies."

–Dr. Charles Mensa, President, Institute of Economic Affairs, Accra, Ghana

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