

African states of failure

Fresh back from a filming tour of southern Africa, **Fred Harrison** warns there might be trouble ahead for the continent



Mozambique is one of the world's poorest and most 'underdeveloped' countries. In spite of recent strong economic growth, the promise of its flagship land nationalisation has not been met.



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FROM THE ground, Mozambique looks like most African states. Despite the dollar-a-day existence that blights the lives of most people, life in the streets appears cheerful as the population goes about its business. But dig deeper, and we can see the fractures in the institutions that make up society. In time, those cleavages will deepen, fragmenting communities and causing social breakdown.

The US intelligence community is now warning that many African states may break down and fall into the category of 'failed state'. Already, in the Horn of Africa, we see states that harbour pirates that now disrupt trade on the high seas. But while these episodes make headlines around the world, few notice the stresses on the ground that signal the institutional causes of crises in the making.

Mozambique is now enjoying peace, after a civil war that claimed the lives of a million people. But it cannot look forward to peace and prosperity, because the foundations on which the state is built will wreck the lives of future generations.

The government of this southern African country, on the coast to the east of Zimbabwe and South Africa, has sought to remove the risk that its population will ever again fight over its territory. The land has been nationalised—and is there for the asking by any citizen who can show a need for it. But the incompleteness of this policy identifies the flaw

in the system, a flaw that blights the lives of most people in Africa today.

Western academics have coined a concept that is supposed to illuminate why so many states in Africa fail to function. Resource-rich territories like the Congo are said to suffer from a syndrome called the 'resource curse': the rents that flow from nature's resources are disputed, fought over by warlords in violent conflicts that are the substitute for the political process.

The notion that Africa is cursed by its rich endowment from nature, tells us as much about the poverty of the social sciences in the West as about the failures of post-colonial governance in Africa. But the debate now conducted in the textbooks at least helps us to isolate the problem that needs to be untangled.

- In the colonial era, especially from the late 19th century, Africa was plundered by European powers for her resource rents.
- Following independence, few countries adopted the formula for reclaiming those rents for the benefit of the people of Africa. Botswana is an exception, as I explain in *The Silver Bullet*.

Zimbabwe, of course, is the clearest case of the failures of governance. That state has completely collapsed for no better reason than that its politicians could not figure out a way to

maintain food and tobacco production while ensuring a fair distribution of the country's rents in a way that would accelerate social development.

So when I visited Maputo, I wanted to discover how Mozambique was dealing with the distribution of its rental income. If, under the constitution, the land belonged to all citizens, surely that necessarily meant that the revenue from the land was also the income of the population?

Not so. The government's fiscal policy faithfully reflects western doctrines. The burden of taxation falls on the incomes and consumption of the population. To acquire land, citizens and foreigners are entitled to 99-year leases that give them security of tenure. But they do not pay the rents of their holdings into the public purse. This means a grievous injustice is routinely inflicted on the majority of Mozambique's citizens.

- Working people are penalised for earning their living, paying taxes to fund investment in infrastructure that raises the value of the assets of leaseholders.
- Leaseholders with the most valuable locations or most fertile fields pocket the rents that they do not have to share.

This nexus is the root of evil in Africa. It is the ultimate source of the dollar-a-day poverty

into which most of the continent is locked.

Africa's leaders have no inkling that it is their own tax and resource policy decisions that are now the source of the suffering of their people. It is not the debt burden, not the absence of fair trade, not the avarice of multinational corporations, that is to blame for the abject poverty that drives people to commit barbarous acts of violence against their fellow beings. It is the failure to understand the economics of public finance, which is the ultimate cause of hunger and homelessness, which then triggers the violence and the fragmentation of nation-states.

So Mozambique's nationalisation of the land is a meaningless gesture. Those million dead souls—crucified on the altar of the post-colonial settlement—died in vain. The land might just as well remain in private ownership—a legacy of the Portuguese colonists who displaced the original tribal occupants—because the resource rents continue to be privatised, driving a wedge between the New Haves and the Have Nots.

I toured the beautiful coastline north of Maputo to interview the white businessmen from South Africa who were constructing beachfront chalets to serve the tourist trade. With government permission, they acquired their leases from Mozambiquans. Legally, the land was not sold. But the value of the land was paid 'under the table' by the investors, who were happy to acquire their tracts on 99-year leases. As the tourist industry flourishes, the location value of their properties will rocket—and the rents will go into their pockets.

This is no different from what is now happening up the coast in Kenya, where land is in private ownership. The powder-white beaches are magnets to a new class of investors who know that the future value of the sand on the edge of the Indian Ocean will be greater than the profits to be made from manufacturing goods for sale to the impoverished population.

Failing states begin with a failure of stewardship of the community's interest.

Governments continue to treat their land as if it was worthless. They are literally giving it away. The mind-boggling case of the Madagascan land give-away is particularly dramatic. The government has apparently given a property half the size of Belgium to a subsidiary of PT Daewoo Logistics Indonesia, on a 99-year lease.

Daewoo says that it expects to pay no rent for its 1.3 million hectares. "We want to plant corn there to ensure our food security. Food can be a weapon in this world", a Daewoo executive is quoted as saying by the Financial Times (20th November 2008).

Fine for Daewoo. The rest of us cannot expect to escape the consequences of the injustices that flow from this land and tax regime. By failing to reserve resource rents for Africans, we are likely to see this continent as the site of a super-power contest once the global economy recovers from the recession.

- China has already staked her claim to the African minerals it needs to keep her factories working. The hunger for those resources will deepen as China industrialises her rural hinterlands over the next 20 years.
- The us, weakened by the financial catastrophe that has destroyed the independence of the Wall Street banks, will be obliged to contest China's inroads into Africa.

President Barack Obama has a personal interest in Africa, given his family antecedents in Kenya. So he will display a humanitarian as well as strategic interest in Africa's fate. But this may lead to a struggle over the continent's future by the two great powers that could conceivably flare up into a violent confrontation. And that contest will be about nothing other than the ownership of Africa's resource rents.

There is one way only to diffuse the home-grown and global crises related to Africa. The continent's leaders need to formally declare that the rents are reserved for their people. Others may then be free to invest in Africa—for a fair return on the resources that they take to Africa. This is the formula that secures fair trade—because it would be free trade between equals. And Africa would have no difficulty paying off the neo-colonial debts she has accumulated—releasing her from dependency on others. Instead of putting the fingers of many of her children around the triggers of guns, Africa's leaders would bequeath a model for peace and prosperity. This is the post-colonial legacy that the children deserve.

Western governments, instead of bailing out failing governments—many of them corrupted by the privatisation of their public's rents—should tie the support that they give to developing countries to a fiscal reform that would deliver prosperity.

This is the agenda that should be actively promoted by people around the world who care about Africa's future, if they really want to make poverty history. [L&L](#)

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Kenya is one of the targets for the 21st century land grab by oil-rich sheikhdoms that want to secure their food supplies. Saudi Arabia and the United Arab Emirates are negotiating leases of large tracts of farmland in countries like Sudan and Senegal to grow food—their response to the recent global food shortages and price rises.

But African countries are getting a poor deal in return. The neo-colonial dependency culture is leading them to yield valuable land for trivial rewards.

Qatar's plan to lease 40,000 hectares in Kenya illustrates the unequal exchange. Qatar's offer to build a £2.4 billion port on the tourist island of Lamu, off the northeast coast, is presented as payment for access to fertile government-owned land. But Qatar needs that port to export its produce back home. A Kenyan government spokesman is reported in the *Guardian* as stating: "Nothing comes for free. If you want people to invest in your country then you have to make concessions" (3rd December 2008).

Jacques Diouf, Director General of the United Nation's Food and Agricultural Organisation, has warned that such deals risk creating a "neo-colonial agricultural system".