

INTO AFRICA - PROGRESS, POVERTY, AND OIL

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"I had a farm in Africa at the foot of the Ngong Hills."

The primal longing for a connection with the land is the enduring romance in Danish author, Isak Dinesen's, *OUT OF AFRICA*. In both the book and the subsequent movie, land is the backdrop for the love affair with Denys Fitch-Hatton.

Now, despite the steamy love scenes between Dinesen and Fitch-Hatten, played by Meryl Streep and Robert Redford in the screen version, the love affair with the land is, at least to my Georgist eyes, the truer, more deeply meaningful passion.

"We grew coffee on my farm..." Dinesen continues in the opening lines of her memoir, which was first published in 1937. "I had six hundred acres of land with coffee; my oxen dragged the cultivators up and down the fields, between the rows of trees many thousand miles, patiently, awaiting the coming bounties.

Private ownership of land is a very European tradition. The events that made Dinesen's romanticized adventures in Africa possible were set in motion in England many centuries before.

In 1396, the noble landlords reduced the amount of rent or tax they paid to the crown by 4%. Not surprisingly, the amount of taxes paid by the laboring classes increased by approximately as much. It seems an innocent enough move, but by 1845, the landowners' taxes had decreased by 95% and labor's had increased by 95%.

This noble tax revolt culminated in the end of the feudal system. It also, by way of a series of Enclosure Acts, began the worldwide trend toward monopoly rights in land.

We are an interesting species, first and foremost the economic animal, and at some innate level we sense the importance of the control of natural resources. Once the step toward private ownership took hold in England, those with power seized on the innovation as a quick way to increase their fortunes. Economic behavior is one of our hallmarks as a species. All animals exhibit some type of economic behavior, but in the rest of the animal kingdom, this activity is practiced only at the most primitive level and consists of gathering food and fashioning basic shelter. Only humans have the symbolic ability to control a far greater share of resources than we can ever personally use in an immediate survival sense.

So, it was possible for Isak Dinesen to own not just those six hundred acres in coffee, but to own six thousand acres. Her description of life within those six thousand acres is interesting. "I had six thousand acres of land, and thus had got much spare land beyond the coffee plantation. Part of the farm was native forest, and about one thousand acres was squatters' land, what they called their shambas.

The squatters are Natives, who with their families hold a few acres on a white man's farm, and in return have to work for him a certain number of days a year. My squatters, I think, saw the relationship in a different light, for many of them were born on the farm, and their fathers before them, and they very likely regarded me as a sort of superior squatter on their estates."

There can be little doubt that they regarded Dinesen as a squatter, but there is less certainty that superior is the correct adjective.

What were the systems of land tenure that existed in pre-colonial Africa, before England blessed the world with its most toxic export, a tradition of land ownership that ignores the human birthright in natural resources?

I don't mean to paint pre-colonial Africa as some kind of Garden of Eden. It is a vast continent characterized by geographic and cultural complexity. Mother Nature is a sometimes fickle parent. There are droughts. There are floods, insect infestations, and burning heat. But pre-colonial Africa had systems that enabled her to accommodate the vagaries of nature. Social and political arrangements varied from region to region. So did farming practices and codes regulating land tenure. But, regardless of the region, the one resource that was abundant was the land. This abundance and the familial, religious, and social traditions that ordered its use also guaranteed universal access. All that changed with the arrival of colonial development.

In Zimbabwe, for example, "an enforced racial division of the land that was begun in the 1890s, was formalized in the 1930 Land Apportionment Act and adjusted later under this Act to give approximately fifty percent each to the African and European populations...Because the white Rhodesian population has historically been a very small percentage - less than five percent - of the total population, this means that a great disparity exists in the amount of land available to the two populations. The inequity is further compounded by the fact that the land allocated to white farmers by the colonial government was of superior quality, while the black population was forced onto the generally inferior land in the so-called reserves'."

We haven't escaped the legacy of the 1930 Land Apportionment Act. A March 3, 2000 headline in *The New York Times* reads, "Zimbabwe Signals It Still Plans to Seize White-Owned Farms". The battle over land in Zimbabwe (continued on page 6)

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continues. I read these articles, many of them on the front page and wonder, "Why don't these journalists 'see the cat'? How can we help them to understand the wisdom of Land Value Taxation?"

My obsession with land reform in Africa began with a New York Times article in September of 1998, "High Claims in Spill Betray Depth of Nigerian Poverty." This headline story on the front page of the Sunday "Times" read like a case study straight out of a modern day Progress and Poverty. "Why don't these journalists 'see the cat'?", I continued to ask myself with ever growing frustration.

I'm a volunteer instructor for the Henry George Institute. I began to bombard Lindy Davies with Xerox copies of articles about oil extraction in Nigeria. "Deep in the Republic of Chevron" was featured in the June 4, 1999 New York Times Magazine section. By the time the time I'd read this, I knew that Nigeria was pumping two million barrels of oil a day, most of which ends up at gas stations in the United States, and I had little patience with statements such as, "But because of the country's complicated history of ethnic politics, delta residents have remained stunningly and desperately poor." Excuse me! Because of the country's complicated history of ethnic politics? I remember a rather well-worn phrase from one of our own politicians. "It's the economy, stupid". Why don't these journalists "see the cat"?

Of course, "seeing the cat" can be rather dangerous in Nigeria. Ken Saro-Wiwa, a playwright, television producer and poet, was the nation's most passionate critic of the oil-fueled, growing disparity between rich and poor in Nigeria. He demanded that the Niger Delta receive a bigger share of the country's oil revenues, revenues which had lined the pockets of Nigeria's rulers for decades. Of course, this money lined their physical pockets just briefly while on its way out of the country altogether and into foreign bank accounts.

Saro-Wiwa "accused Royal Dutch Shell...of destroying the environment and supporting the military in suppressing the delta people - charges that Shell has denied over the years." In 1995, Ken Saro-Wiwa was jailed, tortured and hanged by Nigeria's military rulers.

In November of 1998, Lindy Davies sent me the first lesson from a Nigerian student, Gordon Dickson Abiama, who had signed up to take the Henry George Institute correspondence course in Fundamental Economics. My education was about to begin. Gordon lives in the Niger Delta. Our early exchanges were posted through Chevron Nigeria LTD.

I've never had a more brilliant student. Gordon "saw the cat" almost immediately. Of course, when one is living the equivalent of a case study from a modern day Progress and Poverty, the line between reality and Georgist theory is thin to non-

existent - especially if one's experience is with the poverty end of the equation.

We began a stimulating exchange of ideas. Gordon sent me a thirty page copy of Nigeria's Land Use Act. Did you know that Nigeria has a Land Use Act that authorizes the public collection of land rent? Land rent! The real thing, a tax on land value that exempts the improvements on the land. In theory, 100% of the property tax is collected from the rental value of land. Unfortunately, there is a bit of a disparity between theory and actual practice. A lot of that disparity lies in the definition of what constitutes "the public". Just like the oil revenues, the income generated from land went mostly to line the pockets of corrupt governmental officials. Let me use Gordon's words to explain the injustice this Land Use Decree has made possible.

Gordon says, "I think the main rationale behind the enactment of the land use decree is to make it possible for the government to acquire whatever size of land wherever it pleases without recourse to court battles with family/private land monopolists. The plight of the landless poor was not a consideration here. The decree, it seems to me, through a kind of land nationalization, nevertheless allows private ownership of land. What happens is the government sells you the land and then issues you a certificate of occupancy for 99 years. What this practice resulted in was a clique of corrupt government officials who used their connections in government to acquire a large expanse of choice lands."

He continues, "It may interest you to note that our present president was the initiator of the decree in 1978, just before he handed over to a civilian regime in 1979. He then retired to farming by acquiring a large expanse of land outside Lagos State with the help of the decree, to the utter consternation of the original land owners. Many well-connected officials acquired land this way."

Not surprisingly, there is considerable pressure from the people to repeal the Land Use Decree. The public collection of land rent has gotten a bad name in Nigeria. Gordon asks for our help. The governors are pushing for legislation that would give them 100% control of their natural resources. Gordon understands the power of LVT and he looks to the establishment of something similar to the Alaska Permanent Fund as a way of guaranteeing that the royalties derived from oil extraction and other natural resources be held for the people, not the politicians.

Louis Brandeis said, "We can have a democratic society or we can have the concentration of great wealth in the hands of the few. We cannot have both." That observation is as applicable to the United States as it is to Nigeria.

Nigeria today is technically a democratic nation. Following sixteen years of military rule, under the notoriously corrupt General Sani Abacha, the current

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leader, President Olusegun Obasanjo, was elected by popular ballot in 1998. However, the transition to a transparent democracy is never smooth.

As Gordon Abiama writes, "For us in the Niger Delta, our mental power must be liberated from the necessities of warfare hostilities and aggression. One little wrong among our communities immediately triggers off revenge and before long communities devour each other. Often these hostilities can be traced to mutual suspicions of communities swindling each other of oil spill compensations, etc."

The headlines in the Western press make much of these ethnic hostilities, but as Gordon's comment about quarrels over oil spill compensation reminds us, "It's the economy, Stupid." Why can't we get these journalists "to see the cat"?

Gordon continues, "Not only in the Niger Delta but everywhere one looks, one sees the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down and trodden under foot in the scramble for wealth, and this has seriously drained the forces which gain and maintain improvement."

"With all this reality staring us in the face, our nascent democracy seems to be chasing the shadow instead of the substance. Our leaders need to take a course based on George's Progress and Poverty instead of dwelling on rhetoric."

Progress and Poverty. Nigeria knows more about the latter than the former. The Nigerian government takes in \$10 billion annually in oil revenues. The government operates under a 60%-40% joint venture with the oil companies. Sixty percent may sound like a lot, but 85% is considered a closer approximation of the true economic rent of oil. The Nigerian people haven't had access to these dollars. They haven't even had access to their oil. Thousands have been killed in explosions as they desperately scoop the spills from oil pipelines, eager for a bucket or two, either for resale or for their own use. Oil has brought poverty and social and environmental devastation to the Niger Delta.

These stories do make the front pages. The Georgist solutions do not. Why is it so hard to get these journalists to "see the cat"?

Oil is an explosive issue, not just in Nigeria, but in all of Africa. New reserves are constantly being discovered throughout sub Sahara Africa. The reporters do see the problem. Why is it so difficult to get them to see the solution? These are all quotes from recent newspaper articles.

"There is not one example in Africa where oil has led to development," said Samuel Ngiffo, in the July 10, 2000 New York Times. Ngiffo is secretary general of the Center for the Environment and Development, a leading environmental organization here [in Chad]. "Look at Nigeria, the two

Congos, Gabon. They all have an abundance of oil and what do they have to show for it? We can even say that the exploitation of oil has retarded their development. What are the chances that things will be different in Chad or Cameroon?"

"Rarely have developing countries used oil money to improve the lives of the majority of their citizens or bring steady economic growth. More often, oil revenues have caused crippling economic distortions...", editorialized the New York Times July, 31, 2000.

Norimitsu Onishi, the West African Bureau Chief For the New York Times, quotes a native tailor in Equatorial Guinea, "All I know is that I have to eat, and it is you who are eating our oil money. We are not eating any of this oil money. The only money I eat is from my clothes. It's our oil, but it's you Americans who are eating our oil." A blind man could see the problem. It takes a Georgist to see the solution.

"...Equatorial Guinea's oil production comes when governments and human rights organizations in the West have rallied around the reality that Africa's riches - diamonds and oil - have seldom improved the lives of average Africans and often enriched only corrupt African leaders and their Western partners. Indeed, African oil has perhaps never been as politicized as it is now, as suggested by the fierce debates around the World Bank's endorsement of a \$3.7 billion pipeline between Chad and Cameroon."

I think most of those who came to this way of seeing the world came to it because we were outraged by social and economic injustice. I want to fuel that outrage. The world is filled with big problems. Our thinking must be equally large. I've heard so many Georgists say that we won't see big Georgist solutions in our lifetime. Well, let me tell you, I'm 62 years old and I plan to see them in my lifetime. We have to dream grand dreams. We must go for magnificent solutions. We can never stop trying. We can never give up.

The eye of the world is watching Africa, or at least it's watching Africa's oil. People see the problems. It's up to us to help them "see the cat". I don't pretend that all the obstacles in our path can be remedied by education. As we know only too well, those who benefit from corrupt systems are vigorous in the defense of those systems.

Outrage is a cheap emotion for me, sitting safe and snug in my comfortable little house in Eagles Mere. Outrage is a dangerous emotion for Gordon Abiama. He was recently appointed Press Secretary of Odi town, the Ijaw community that was destroyed this spring by government forces.

Odi town is where Gordon has his familial roots. (His parents' home, along with those in the rest of the
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town, was razed in retaliation for the killing of 12 police officers, allegedly by some of the youth from the community. The August 11, 2000 New York Times called the attack "the single most startling violation of human rights during [President Obasanjo's] term".

Gordon is a journalist who "sees the cat". And Gordon must be very careful. My personal outrage is an emotional luxury Gordon can't afford. He must proceed with utmost caution. He can't risk angering either the government or the oil companies.

You and I know that in the best of all possible Georgist worlds, industry is rewarded as the environment is protected. You and I know that when we tax land, we remove the tax from labor in what is truly a win/win situation for anyone who is willing to labor.

But what of those who have made vast fortunes without having to labor, or at least without having to have labored enough to justify their extreme good fortune?

They may go to any ends to preserve the status quo.

I'm used to having the "ethnic conflicts" in Africa make the front pages. Imagine my surprise when I found what I felt ought to be breaking, headline-making news in a one paragraph report buried somewhere deep in the September 16, 2000 issue of New York Times. The whole thing was short enough that I'm going to read it aloud to you. And even though it is reporting on a case that will be heard in federal court in New York City, the only notice of this event that the paper contained was reported by a French wire service, Agence France-Presse.

"NIGERIA: SHELL FACES TRIAL. A lawsuit against The Shell oil corporations over its operations in Nigeria will be heard in federal court in New York. The United States Court of Appeals for the Second circuit decided on Thursday that officials of Royal Dutch/Shell could be tried on charges of colluding with authorities in Lagos in the torture and murder of Nigerian activists, including the author and opposition leader Ken Saro-Wiwa. Mr. Saro-Wiwa was hanged with eight others in 1995."

Why can't we get these journalists to "see the cat"? The shadow of Ken Saro-Wiwa may have clouded their vision.

Further Thoughts:

While Gordon Abiama and others like him in Africa are laying the groundwork, we must be working to enlist high-profile support for our message. The timing is right. The problems are headline news. Ethnic conflicts are headline news. The United Nations recently expressed its desire to expand its "peace-keeping missions" in an attempt to deal with ethnic conflict. We have to help them see that "ethnic conflict" has its roots in competition over scarce resources. And, as those of us who are Georgists know, the perceived scarcity of natural resources is largely an artificial construct that has its roots in the

failure to make the distinction between resources that occur naturally and the wealth that is the product of human labor.

"Resource-keeping missions" would guarantee that the "natural resource royalties" that accrue to oil, clean water, pure air, land, virgin timber, minerals, the airwaves, etc. belong by rights to the public, not the private sector. Such payments must not be so high as to discourage the productive use of natural resources but must be high enough to justly compensate those whose access to the natural bounty of the earth is limited by monopoly holdings. We must make it clear that we fully support private property in land. Without such guarantees of title, no reasonable person would be willing to invest in productive improvements.

"Resource-keeping missions" could defuse ethnic conflict before it reaches the point of combustion. How would such "resource-keeping missions" be structured? The Alaska Permanent Fund may be a good model.

The current increase in the number of new oil fields in Africa may enable us to build an oil-based model that could be expanded to include all naturally occurring resources.

The World Bank is attempting to come up with a plan that will ease Chad's concerns about the negative impact of oil extraction on its development.

The World Bank's proposal, which was rejected by their counterparts at the Agency for International Development and the Environmental Protection Agency due to concerns about a proposed pipeline's adverse environmental effects, included an agreement with Chad about a spending program for its oil revenues. Now, I'm glad the overall plan was rejected, but the proposed spending plan is small, albeit flawed, step in the direction of recognizing the public's claim on the "natural resource royalties" from oil. Under the plan, 80 percent of the revenues would be spent for education, health, social services, rural development, and infrastructure; 10 percent would be kept in a trust for the future; and 5 percent earmarked for development in the oil-producing region of Doba. The last 5 percent would be discretionary. (NYT, July 10, 2000)

Resource-keeping missions are my dream, but we have many small steps we must take before that dream becomes a reality. My fellow Georgists undoubtedly have different ideas about the best way to insure the public collection of economic rent. Whatever our dreams, we need to start by finding ways to sell our message to those who are unfamiliar with it.

(editor's note: The above speech was presented at the CoGO-conference in Des Moines 9-23-00.)

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